



Daily Report

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Daily Report

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CONTENTS

3 February 1993

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Diplomat Speaks at Regional Meeting on Security [XINHUA]	1
Convention Banning Chemical Weapons Hailed [RENMIN RIBAO 15 Jan]	1
Group Attends AALCC Meeting in Kampala [XINHUA]	2
Wan Li Receives World Bridge Federation Official [XINHUA]	2
DPRK, Russia Agree To Normalize Relations [XINHUA]	2

United States & Canada

Envoy to U.S. on Hopes for Strengthened Ties [RENMIN RIBAO 18 Jan]	3
Nominee for CIA Director Notes Security 'Threats' [XINHUA]	3

Central Eurasia

Armenian President Dismisses Prime Minister [XINHUA]	4
Yeltsin Marks Stalingrad Battle Anniversary [XINHUA]	4

Southeast Asia & Pacific

'Deep Concern' Voiced Over Cambodia Situation [XINHUA]	4
Qian Qichen Talks With Burmese Counterpart [XINHUA]	4
Ends Burma Visit [XINHUA]	4
Returns to Beijing [XINHUA]	5
State Councillor Li Tieying Meets SRV Guests [XINHUA]	5

Near East & South Asia

Jiang Guanghua Addresses Nepalese CP Congress [XINHUA]	5
Pakistan Senate Chairman Meets Chinese Group [XINHUA]	5

NATIONAL AFFAIRS

Political & Social

'Prominent Dissident' Released After 11 Years [Hong Kong SOUTH CHINA MORNING POST 3 Feb]	7
'Underground' Catholic Bishop Released [Hong Kong SOUTH CHINA MORNING POST 3 Feb]	7
Reforms Bring 'Irreversible' Social Changes [CHINA DAILY 3 Feb]	8
Deng's, Zhu Rongji's Views on Current Situation [Hong Kong CHING PAO 5 Feb]	8
Hu Jiwei on Democratic Theory, Promoting Democracy [CHANGZHANG JINGLI RIBAO 11 Jan]	12
Luo Gan on Party Organizations' Functions [RENMIN RIBAO 19 Jan]	17
New Achievements in Social Services in 1992 [XINHUA]	18
Article on Conducting Family Planning [RENMIN RIBAO 11 Jan]	19
Commentary on Journalism Serving Economics [ZHONGGUO JIZHE 15 Dec]	22
Article Predicts Resurgence of Communism [DANGTAI SICHAO 20 Dec]	24
Reader Urges Attention to Opposing Corruption [GUANGMING RIBAO 10 Jan]	25

Science & Technology

U.S., PRC Experts Decide on Satellite 'Explosion' [CHINA DAILY 3 Feb]	26
More Funds Allocated for Natural Science Research [XINHUA]	27

Military

CMC Meeting Stresses Unity, Anticorruption [Hong Kong MING PAO 3 Feb]	27
PLA To Import Advanced 'Defensive' Equipment [Hong Kong WEN WEI PO 3 Feb]	27
Military Industry Produces More Consumer Goods [XINHUA]	28

Economic & Agricultural

Bo Yibo Article on Planning, Market [QIUSHI 1 Jan]	28
Warning Against Interference in Market Economy [GUANGMING RIBAO 8 Jan]	43
'Serious Inflation' in 1993 Discounted [JINGJI CANKAO BAO 11 Jan]	44
Economist on Market Economy, Social Equity [LIAOWANG 30 Nov]	45
Explorations for Theory on Planning, Market [LIAOWANG 16 Nov]	46
Bottlenecks, Excessive Investment Problems Noted [ZHONGGUO XINWEN SHE]	48
Reforms in Distribution, Retail Sector Viewed [ZHONGGUO XINWEN SHE]	49
Article Views Energy Industry's 'Predicament' [ZHONGGUO XINWEN SHE]	50
Restructuring Agency Releases Reform Guidelines [ZHONGGUO XINWEN SHE]	51
Bank's Rapid Growth Reflects Deng 'Influence' [Hong Kong SOUTH CHINA MORNING POST 3 Feb]	52
Agricultural Bank Signs \$19-Million Foreign Loan [CHINA DAILY 2 Feb]	52
Coal Conglomerate To Transfer 400,000 Miners [XINHUA]	53
Machinery, Electronics Producers Boost Exports [XINHUA]	53
Article on Material Supply Situation in 1993 [JINGJI RIBAO 11 Jan]	53
Official Affirms Pollution Control Commitment [CHINA DAILY 3 Feb]	54
Reform of Water Conservancy Discussed [RENMIN RIBAO 10 Jan]	55
Preparations for Three Gorges Project To Start [Hong Kong WEN WEI PO 20 Jan]	57
Three Gorges Project Open to Foreign Bids [CHINA DAILY 2 Feb]	57
Tian Jiyun on Rural 'Well-To-Do Livelihood' [ZHONGGUO XINWEN SHE]	58
On Problems Facing Rural Reform [ZHONGGUO XINWEN SHE]	59
Journal Interviews Tian Jiyun on Agriculture [Hong Kong LIAOWANG OVERSEAS EDITION 11 Jan]	59
'Gratifying' Agricultural Development Viewed [JINGJI RIBAO 6 Jan]	63

REGIONAL AFFAIRS

East Region

Shanghai To Maintain Economic Growth 'Momentum' [XINHUA]	65
Shanghai's Pudong Area Boosts Power Industry [XINHUA]	65
Shanghai Paper Views Political Structural Reform [WEN HUI BAO 15 Jan]	65

Central-South Region

Guangdong Invests in Infrastructural Projects [XINHUA]	71
Foreign Investment Trends in Guangxi Viewed [Nanning Radio]	71
Hainan Elects Governor, Vice Governors [XINHUA]	71
Background on Ruan Chongwu [XINHUA]	71

Southwest Region

Sichuan Secretary Attends Consultative Meeting [Chengdu Radio]	72
Yunnan Officials Defend Border Trade [Hong Kong SOUTH CHINA MORNING POST 2 Feb]	72

North Region

Beijing Technology Zone Attracts Foreign Funds [XINHUA]	73
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Beijing Leases State-Owned Shops to Individuals [XINHUA]	73
Hebei Sets 1993 Economic Development Plan [HEBEI RIBAO 27 Dec]	73

Northeast Region

Sun Weiben Inspects High-Tech Park in Harbin [Harbin Radio]	80
Jilin Outlines Tasks for Developing Economy [Changchun Radio]	81
Liaoning Holds Financial Work Conference [Shenyang Radio]	81
Liaoning Holds Banks Branches Presidents Meeting [Shenyang Radio]	82

TAIWAN

Taipei 'Ready' To Meet Challenges on GATT Entry [CNA]	83
No Plan To Sell Jetliners to Mainland [CNA]	83
Talks With ROK on Bilateral Ties To Open [Taipei Radio]	83
SRV Officials Provide Visa Services [CNA]	83
Agriculture Official Leaves for Malaysia [CNA]	84
Tartar Prime Minister Arrives [CNA]	84
KMT Standing Committee Backs Hao's Resignation [CNA]	84
Economic Growth Estimate To Be Adjusted Upward [CNA]	84
President To Meet Lawmakers on National Affairs [CNA]	85

HONG KONG & MACAO

Hong Kong

Governor Successfully Undergoes Heart Treatment [Hong Kong Radio]	86
Local XINHUA Head Expresses Concern [ZHONGGUO TONGXUN SHE]	86
XINHUA Criticizes UK 'Lack of Sincerity' [Hong Kong WEN WEI PO 3 Feb]	86
Zhou Nan Attends Spring Festival Reception [XINHUA]	86

Macao

Wang Zhen Receives Donor During Spring Festival [XINHUA]	87
XINHUA Branch Hosts New Year's Reception [XINHUA]	87

General

Diplomat Speaks at Regional Meeting on Security

OW0102154693 Beijing XINHUA in English
1521 GMT 1 Feb 93

[Text] Katmandu, February 1 (XINHUA)—A Chinese diplomat said here today that the Five Principles of Peaceful Co-Existence should be adhered in the discussion on security mechanism in the Asia-Pacific region.

At the regional meeting on national security and building of confidence among nations in the Asia-Pacific region which opened today, Sha Zukang, counselor from the Ministry of Foreign Affairs, said that the principles are in conformity with the basic spirit of the UN Charter and the ten principles of the Bandung Conference, and have won worldwide recognition.

"Adherence to these principles constitutes the basic guarantee for the maintenance of normal relations between countries and the maintenance of peace, stability and economic prosperity in the Asia-Pacific region," he added.

Other remarks he made at the meeting in relation with the mechanism included opposing hegemonism characterized by the big bullying the small, the strong dominating the weak and the rich lording it over the poor, peaceful settlement of international disputes, economic cooperation, not to be the first to use nuclear weapons and not to use or threaten to use nuclear weapons against non-nuclear-weapon states and nuclear-weapon-free zones, and support the establishment of nuclear-weapon-free zones and zones of peace.

Countries in Asia and the Pacific should keep their armaments at a level sufficient solely for their legitimate defensive needs, he said, adding that the United States and Russia should destroy the nuclear and conventional arms they have reduced, and start reducing their huge naval presence in the Asia-Pacific region.

He said the end of the bi-polar world has created more opportunities than challenges for the region and with the joint efforts of the countries, questions of national reunification, peace and stability can be expected to be the mainstream of the security situation in the region for a long time to come.

Convention Banning Chemical Weapons Hailed

HK0302060193 Beijing RENMIN RIBAO in Chinese
15 Jan 93 p 6

[Article by Qi Linshan (2058 2651 2619): "Good Beginning, Arduous Tasks"—written on occasion of signing of the UN "Convention of Prohibition of Chemical Weapons"]

[Text] The "Convention Banning the Development, Production, Stockpiling, and Use of Chemical Weapons" was signed in Paris on 13 January. This is a significant

step made by the international community toward the goal of ultimately realizing the total ban and destruction of chemical weapons. If its various provisions are effectively implemented, the convention will play a positive role in eliminating the threat of chemical weapons to mankind.

The international community has long been seeking effective control over chemical weapons, a kind of weapon of mass destruction. As early as in the two "Hague Peace Conferences," which were held in 1899 and 1907, agreements were unanimously reached on banning the use of artillery shells containing toxins in wars. Nevertheless, these earlier agreements were scrapped in World War I. During the war, chemical weapons were used on a large scale, causing large numbers of injuries and deaths. According to statistics, various belligerent countries used 113,000 tonnes of toxins in all, causing 1.3 million injuries and deaths, of which nearly 100,000 people were killed. Out of the hatred for chemical weapons, in 1925 the international community worked hard and reached the "Agreement on Banning the Use in Wars of the Asphyxiating, Toxic, and Other Gases and Bacteriological Modes of Operations" (that is, the Geneva Agreement, and up to now, 125 countries have signed the agreement). However, suffering from an inherent shortage, the agreement failed to effectively ban the production and stockpiling of chemical weapons and as a result, all signatory countries have the right to preserve their chemical weapons, and many signatory countries have declared preserving the right to use chemical weapons as a retaliation means and use them against non-signatory countries, thus leading to a situation in which chemical weapons cannot be banned despite prohibitions. During World War II, the Korean War, the Vietnamese War, and the Iran-Iraq War in the eighties, there were reports of the use of chemical weapons, and human society suffered colossal calamities therefrom. In the arms race during the Cold War, the United States and the former Soviet Union were vying with each other in mass-producing and stockpiling chemical weapons. Hence, they possessed the world's largest chemical weapons arsenals.

The just signed "Convention Banning Chemical Weapons" underwent a course of difficult negotiations lasting for 24 years. Since the first special disarmament session of the UN Assembly, held in 1978, defined negotiations on a chemical weapons convention as the most urgent task of the multilateral disarmament negotiations, the international community made efforts time and again to conclude the convention at an early date. However, in the then international situation, relevant countries criticized one another, and no one would be willing to commit itself to destroying its chemical weapons. The negotiations on the convention progressed with difficulty and made meager advances. It was until the beginning of the nineties that, as tremendous changes took place in the international situation, the negotiations on

the convention took a turn for the better and the convention was signed in the end. Since its official participation in the "Conference on Disarmament Negotiations" in the early eighties, China has always taken an active part in the negotiations on a convention of chemical weapons and made unremitting efforts and positive contributions to the conclusion of the convention.

The current convention banning chemical weapons is the first international arms control treaty even seen by mankind so far banning an entire class of weapons of mass destruction, which has strict verification rules and regulations. The convention defines: Any signatory nation shall not develop, produce, stockpile, and use chemical weapons; any countries possessing chemical weapons must destroy all their chemical weapons stockpiles and their production facilities within 10 years; and signatory countries must be responsible for destroying all chemical weapons they leave in other countries' territories. The achievement of these purposes of the convention will help safeguard international security and peace and thoroughly eliminate the threat of chemical warfare.

Whether or not all countries can strictly follow and effectively implement the convention is where the key to its success and failure lies. The existing huge chemical weapons arsenals constitute a direct and immediate threat to world peace. Relevant countries must implement the convention's obligations faithfully and destroy their existing chemical weapons and production facilities as quickly as possible. All countries which leave chemical weapons in other countries' territories must commit themselves to the convention's obligations to the letter and undertake the responsibility to destroy as quickly as possible the chemical weapons they leave. The convention's verification mechanism must be continuously improved in the course of its implementation so as to ensure that the verification rules and regulations are effective, rational, and feasible. Special efforts should be made to guard against the misuse of the right to query and verify to make sure that the signatory countries' national security and interests which have nothing to do with chemical weapons are not infringed upon. The convention's provisions on trade and scientific and technological exchange and cooperation in the chemical industrial field for peaceful purposes should be implemented in real earnest to promote economic as well as scientific and technological development of various countries. The conclusion of the convention has not come easily. It remains to be seen if the convention will be implemented in an overall way.

Group Attends AALCC Meeting in Kampala

OW0102200593 Beijing XINHUA in English
1758 GMT 1 Feb 93

[Report by Zaho Xinfu]

[Text] Kampala, February 1 (XINHUA)—China stands for the establishment of a new international order in accordance with the changing structure in the world today.

Delivering a speech at the on-going 32nd Session of the Asian-African Legal Consultative Committee (AALCC) here this afternoon, head of the Chinese delegation Prof. Tang Chengyuan said the world has entered into a new historic phase of multi-polarization as a result of significant changes in the past year.

Tang, who led a seven-man Chinese delegation to the AALCC annual meeting, noted the new international order should be based on the adherence by all countries in the world, big or small, to the Five Principles of Peaceful Co-Existence.

He stressed it is both a challenge to and an important task of the international community to establish a peaceful, stable, just and reasonable new international order.

The aim of such a new international order should be to maintain world peace, promote economic development of all countries in a balanced way, and preserve and improve the natural and social living environment of the mankind, he added.

He said it is against this background that the progressive development and codification of international law has become more urgent for international legal organizations such as the AALCC.

About 200 participants from 40 member states in Asia and Africa are attending the six-day meeting which opened here this morning.

The AALCC, established in 1956 as a tangible outcome of the historic Bandung Conference, presently has 42 member states.

Wan Li Receives World Bridge Federation Official

OW3001122393 Beijing XINHUA in English
1210 GMT 30 Jan 93

[Text] Beijing, January 30 (XINHUA)—Wan Li, chairman of the Standing Committee of the Chinese National People's Congress, met here this evening with Jose Damiani, vice president of the World Bridge Federation.

China will host the World Bridge Championships in 1995 and Damiani inspected the venues during his visit.

DPRK, Russia Agree To Normalize Relations

OW0302081093 Beijing XINHUA in English
0640 GMT 3 Feb 93

[Text] Pyongyang, February 3 (XINHUA)—The first deputy foreign minister of the Democratic People's Republic of Korea (DPRK), Kang Sok-chu, has said that his country and Russia have agreed to normalize friendly relations despite differences on some international issues.

KOREAN CENTRAL NEWS AGENCY (KCNA) quoted Kang Sok-chu as saying that in his talks here with Deputy Foreign Minister Georgiy Kunadze, both agreed to realize the normalization of bilateral relations. But they still differed on some international issues.

Kunadze visited DPRK between January 29 and February 1 in the capacity of Russian presidential envoy.

Kang Sok-chu said that both stressed the importance of abiding by fundamental international norms such as mutual respect for territorial integrity and non-interference in each other's internal affairs.

United States & Canada

Envoy to U.S. on Hopes for Strengthened Ties

HK0302093693 Beijing RENMIN RIBAO in Chinese
18 Jan 93 p 6

["Dispatch" by staff reporter Zhang Qixin (1728 0796 2500): "Zhu Qizhen, Chinese Ambassador to the United States, Addresses Spring Festival Reception, Hopes for Strengthened Sino-U.S. Trust, Cooperation"]

[Text] Washington, 16 January (RENMIN RIBAO)—At a Spring Festival reception sponsored by the Chinese Embassy in the United States today, Ambassador Zhu Qizhen pointed out: China hopes to strengthen trust, reduce trouble, develop cooperation, and avoid confrontation with the United States and, together with the new U.S. Government, it will make concerted efforts to improve and develop the relations between the two countries on the basis of the three Sino-U.S. joint communiques.

At the reception for some 1,000 overseas Chinese and Americans of Chinese origin, when reviewing the Sino-U.S. relations in 1992, Ambassador Zhu said: China attaches importance to its relations with the United States and have made vigorous efforts to improve and develop the relations. Last year, improvements and advances were made in the relations of the two countries, but there were also difficulties. At the beginning of the year, leaders of the Chinese and U.S. Governments met in New York. China and the United States reached an agreement on such issues as protection of intellectual property rights and market access. Not long ago, the visit to the United States of the Chinese state councillor and concurrently minister of the State Science and Technology Commission and the visit of the U.S. Secretary of Commerce to China showed that the economic, trade, and scientific and technological relations between the two countries had come to normal. We firmly believe that so long as the governments of the two countries act in strict accordance with the principles laid down by the three Sino-U.S. joint communiques, relations between the two countries will be upheld and developed.

Nominee for CIA Director Notes Security 'Threats'

OW0202213793 Beijing XINHUA in English
2049 GMT 2 Feb 93

[Text] Washington, February 2 (XINHUA)—U.S. President Bill Clinton's nominee for the director of the Central Intelligence Agency (CIA) warned today that threats to U.S. security and interests "have grown, not shrunk" following the end of the Cold War.

"In many ways today's threats are harder to observe and understand than the one that was once presented by the USSR," James Woolsey told the U.S. Senate Intelligence Committee hearing on his confirmation.

He said the threats include the proliferation of weapons of mass destruction and ballistic missiles to carry them, ethnic and national hatreds in large portions of the globe, the international narcotics trade, terrorism, the dangers inherent in the West's dependence on Mid-East oil and new economic and environment challenges.

He noted that these threats present intelligence problems that are extraordinarily complicated and difficult.

"We have slain a large dragon," declared the 51-year-old Woolsey, who served as undersecretary of the U.S. Navy in 1977-79 in the field of naval intelligence. "But we live now in a jungle filled with a bewildering variety of poisonous snakes. And in many ways, the dragon was easier to keep track of."

Today the nations and issues that are of serious interests to the United States "are highly diverse, unpredictable, and largely disconnected," added the CIA director-designate, who is also a nuclear weapon expert.

One of the most pressing dilemmas Woolsey faces today is the delicate issue of economic espionage, reports said.

White House Spokesman George Stephanopoulos told reporters Monday that President Clinton wants the CIA "to focus more on economic interests and economic intelligence, which is where the real competition is now."

Today's hearing was held amid unusually tight security in a Senate Office Building, because a man who killed two CIA employees at the main entrance gate of CIA in a shooting spree last week is still at large.

Metal detectors screened all who entered the room through two security gates and large numbers of Capitol policemen guarded the doors and scattered the hearing room.

Central Eurasia**Armenian President Dismisses Prime Minister***OW0202200193 Beijing XINHUA in English
1616 GMT 2 Feb 93*

[Text] Moscow, February 2 (XINHUA)—Armenian President Levon Ter-Petrosyan today dismissed the prime minister and the whole government after heated debates over the governmental economic program and the budget, ITAR-TASS reported.

Armenian Prime Minister Khosrov Arutyunyan said in parliament on Monday that although the program and the budget are supported by most ministers, he personally is against the documents.

After the statement of the prime minister, the lawmakers unanimously demanded the resignation of the government.

Ter-Petrosyan said on Tuesday that he released Arutyunyan from his duties for unprecedented violation of political ethics by submitting the government program which he himself opposes.

Ter-Petrosyan said he will propose a new composition of the government in one week and asked the current government to continue fulfilling their duties for the time being.

Yeltsin Marks Stalingrad Battle Anniversary*OW0202195693 Beijing XINHUA in English
1625 GMT 2 Feb 93*

[Text] Moscow, February 1 (XINHUA)—Stalingrad is a convincing proof that our peoples are able to overcome the grueling tests together, Russian President Boris Yeltsin said today.

Yeltsin made the speech on the eve of 50th anniversary of Stalingrad battle.

He said that the victory of the Stalingrad battle had dramatically changed the course of the Great Patriotic War and the entire Second World War.

Yeltsin noted that nowadays Russia was undergoing a similar crucial, difficult period in Russian history.

"Difficulties, deprivations will be overcome and we shall win because there was Stalingrad behind us," Yeltsin said. "Let us deal together with this great and difficult task, let the faith in the future of Russia, the will to help us, as they have helped the defenders of Stalingrad," the president declared.

Southeast Asia & Pacific**'Deep Concern' Voiced Over Cambodia Situation***OW0302092693 Beijing XINHUA in English
0919 GMT 3 Feb 93*

[Text] Beijing, February 3 (XINHUA)—A Chinese Foreign Ministry spokesman expressed deep concern here today over the situation in Cambodia.

When asked to comment on the recent attack against the Khmer Rouge by Phnom Penh forces in Cambodia, the spokesman said: "We are deeply concerned over this development."

"We disapprove of any action which runs counter to the Paris agreement and hope that the United Nations Transitional Authority in Cambodia (UNTAC) will take concrete measures to prevent the situation from getting worse," the spokesman said.

Qian Qichen Talks With Burmese Counterpart*OW0302072093 Beijing XINHUA in English
0628 GMT 3 Feb 93*

[Text] Yangon [Rangoon], February 3 (XINHUA)—Chinese State Councillor and Foreign Minister Qian Qichen and Myanmar [Burmese] Foreign Minister U Ohn Gyaw held talks at Ngapali guest house of Ngapali beach in western Myanmar's Rakhine State on Tuesday [2 February].

An information official of the Chinese Foreign Ministry said today that the two foreign ministers exchanged views on bilateral relations, regional and other international issues of common concern and their viewpoints are extensively identical or similar.

Accompanied by minister U Ohn Gyaw, the Chinese minister left here for Ngapali beach Tuesday afternoon and returned here today.

Ends Burma Visit*OW0302091193 Beijing XINHUA in English
0851 GMT 3 Feb 93*

[Text] Yangon [Rangoon], February 3 (XINHUA)—Chinese State Councillor and Foreign Minister Qian Qichen left here for home this afternoon after ending his three-day official goodwill visit to Myanmar [Burma].

Qian and his entourage were warmly seen off at the Yangon international airport by Khin Nyunt, first secretary of the State Law and Order Restoration Council (SLORC), Foreign Minister U Ohn Gyaw and other high level officials.

During his stay in the country, Qian and General Than Shwe, SLORC chairman and prime minister of the government, extensively exchanged views on bilateral relations and other issues and expressed their common

hope that the good-neighborly relations between the two countries would be further strengthened and developed.

SLORC First Secretary Khin Nyunt also met with Qian.

The foreign ministers of the two countries exchanged views on bilateral relations, regional and other international issues of common concern in their talks.

The Chinese foreign minister arrived here on February 1 at the invitation of the Myanmar Government.

Returns to Beijing

OW0302132693 Beijing XINHUA in English
1318 GMT 3 Feb 93

[Text] Beijing, February 3 (XINHUA)—Chinese State Councillor and Foreign Minister Qian Qichen returned here today after an official good-will visit to Laos and Myanmar [Burma].

He was greeted at the airport by Vice-Foreign Minister Xu Dunxin, Lao Ambassador to China Ponmek Dalaloi and charge d'affaires ad interim of the Myanmar Embassy U Khin Maung.

State Councillor Li Tieying Meets SRV Guests

OW0302075993 Beijing XINHUA in English
0738 GMT 3 Feb 93

[Text] Beijing, February 3 (XINHUA)—Li Tieying, Chinese state councillor and minister in charge of the State Education Commission, met with an education delegation from Vietnam here today.

The delegation is headed by Tran Hong Quan, minister of the Vietnamese Ministry of Education and Training.

The two sides had a friendly conversation on issues of bilateral educational exchanges between the two countries.

Teng Teng, Chinese vice-minister of the State Education Commission, and Dang Nghiem Hoang, Vietnamese ambassador to China, were present at the meeting.

The Vietnamese guests came to China at the invitation of the Chinese State Education Commission on January 31. Apart from Beijing, they are also scheduled to visit Shanghai, Shenzhen and Guangzhou.

Near East & South Asia

Jiang Guanghua Addresses Nepalese CP Congress

OW0202144593 Beijing XINHUA in English
1409 GMT 2 Feb 93

[Text] Kathmandu, February 2 (XINHUA)—The Communist Party of Nepal (UML) concluded its 5th national congress here today with "great successes in strengthening unity within the party".

Manmohan Adhikari and Madan Bhandari were reelected as chairman and general secretary respectively at the first session of the newly elected 35-member Central Committee plus 7 alternate members early this morning.

The congress approved the party's new constitution with people's multiparty democracy as its political programme.

Among some 17 documents approved at the congress, there are also documents on ethics, religions and languages, on agricultural revolution and on party organization.

The congress decided to set up two new commissions: the auditing commission and the discipline commission.

The setting up of a Political Bureau or a Standing Committee of the Central Committee is yet to be decided later on, party's Chairman Adhikari said.

A grand concluding ceremony were held at the open theatre in the capital's centre.

Bhandari gave a long speech to tens of thousands of people gathering at the square.

He said that the concluding 5th congress has achieved great successes in various aspects, especially in strengthening unity within the party.

With people's multiparty democracy as party's political programme, he said, "our party would like to cooperate with the ruling Nepali Congress as well as other parties in building the country's economics, safeguarding national interests and restoring democracy".

He said UML agrees to develop constitutional monarchy and opposed those extreme leftist advocates.

Delegate from the Central Committee of the Communist Party of China (CPC) Jiang Guanghua, also head of the Liaison Department of the CPC Central Committee, made a brief, warm speech congratulating the successful conclusion of the 5th National Congress to UML and its members.

Before the mass gathering, grand processions were held in the city's downtown streets in celebration of the successful holding of the congress.

Pakistan Senate Chairman Meets Chinese Group

OW0302133893 Beijing XINHUA in English
1231 GMT 3 Feb 93

[Text] Islamabad, February 3 (XINHUA)—Pakistan Senate Chairman Wasim Sajjad said here today Pakistan and China have "best" relationship among the countries in the world and Pakistan is proud of that.

The close relationship between the two countries is marked by effective cooperation in all the fields, the senate chairman said.

The Pakistan leader made the remarks during his meeting here with a delegation of the All-China Federation of Trade Unions led by its Vice-Chairman and Deputy Minister of the Labor Ministry Li Peiyao.

He said Pakistan treasures its relations with China and the traditional friendship between the two countries will be further strengthened through exchange of visits at various levels.

During the meeting, the two sides briefed each other of the economic reforms of their respective countries and

discussed matters related to the trade union system and its legislatures of the two countries.

Earlier today, the Chinese delegation also met Labor Minister Mohammad Ejazul Haq and both stressed for strengthening contacts and cooperation between the trade unions of the two countries to make contribution to the development of people-to-people friendship.

The three-member Chinese delegation began its visit to Pakistan on January 29 at the invitation of the Pakistan National Federation of Trade Unions and will leave for home on February 6 after its tour of Lahore and Karachi.

Political & Social

'Prominent Dissident' Released After 11 Years

HK0302013193 Hong Kong SOUTH CHINA
MORNING POST in English 3 Feb 93 p 1

[Article by Kent Chan in Guangzhou and Daniel Kwan]

[Text] Prominent dissident Wang Xizhe is expected to return to his Guangzhou home today after spending 11 years in jail for promoting democracy on the mainland.

And depending on the progress of Sino-American relations, the 45-year-old philosopher may be the next dissident allowed to leave the country for the United States.

Wang's wife, Ms Su Jiang, 42, and their 17-year-old son, Wang Huaizhou, were reunited with the activist yesterday at Guangdong's Huaiji Prison. It is understood that Wang was released yesterday but by late last night, the three had not returned to their home in the Henan district of Guangzhou.

The Marxist theorist is said to be in poor health after having been placed under solitary confinement for 11 years. He Qiu, another Guangzhou activist and a close friend of Wang's, said yesterday although he had not been tortured in prison, Wang's health was "noticeably weak." "He has been allowed to have daily exercise outside his cell since last October and his health has got better since then," said He, who was released two years ago.

Sources close to the Wang family said despite the immense pressure in prison, Wang never "recanted" his belief in democracy.

Wang was sentenced to 14 years' imprisonment in February 1981 for "engaging in counter-revolutionary incitement" and "accepting financial allowances from reactionary organisations".

'Underground' Catholic Bishop Released

HK0302032593 Hong Kong SOUTH CHINA
MORNING POST in English 3 Feb 93 p 8

[Article by Willy Wo-lap Lam]

[Text] Beijing has released Lanzhou-based underground Catholic Bishop Yang Libo in another bid to appease its human rights critics.

Hong Kong human rights lobbyist Mr John Kamm said yesterday he had been informed by the Information Office of the Chinese State Council of Bishop Yang's release from a "re-education camp" in Gansu in December.

Bishop Yang, 76, had served his three-year jail term, imposed for allegedly organising a clandestine underground bishop conference in Shaanxi in late 1989.

However, Mr Kamm and other human rights researchers said there was fear his jail term might be extended because of his "uncompromising attitude".

"Other prelates who were imprisoned for taking part in the bishops conference had been released by May last year," Mr Kamm said yesterday in San Francisco.

"Bishop Yang's warders reportedly offered to free him. The bishop, however, said he would come out (of the camp) only if the authorities would abolish the (Beijing-organised) Catholic Patriotic Association in Lanzhou."

Mr Kamm said he began lobbying for the release of Bishop Yang and 11 other elderly prelates in October 1991.

On a visit to a prison in Meizhou, Guangdong Province, at that time, he accidentally discovered that the Justice Ministry had an internal regulation which made provisions for the early release of prisoners over 70 years of age.

Bishop Yang was the last of the 12 elderly clerics to have been let out of prison.

However, one of them, Bishop Chen Jianzhang of Hebei, who is very ill, is feared to be in some form of modified detention.

Mr Kamm said there were an estimated 17 Catholic priests and clerics in jail and labour camps, and 22 in "re-education camps".

A Hong Kong-based researcher of the underground church in China said there were 20 to 30 Catholic prelates still in custody.

Religious sources in Hong Kong said they had not been able to make contact with Bishop Yang since his reported release.

"The diocese of Lanzhou, capital of Gansu, has about 65,000 worshippers," a source said.

"It is very short of religious workers, and the priest working there, Father Wang, had been seconded from neighbouring Ping Liang district."

As in other areas of China, many worshippers and clerics who are active in the "patriotic" Catholic establishment in Gansu actually owe their allegiance to the Vatican.

Bishop Yang, who was ordained in the underground church in the early 1980s, has the reputation of a fiery anti-communist polemicist.

He has reportedly written articles attacking the party's religious policy as well as the "patriotic" churches sponsored by the Communist Party.

Other religious sources said the release of individual clerics notwithstanding, there were indications the security apparatus had tightened control over the "illegal" religious movement.

For example, arrests of many affiliates of underground churches had recently been reported in different provinces.

Meanwhile, Mr Kamm said the State Council Information Office had denied that former Beijing University student activist Wang Dan had been freed.

He said Wang would probably remain in jail until August, when his prison term was up.

Reforms Bring 'Irreversible' Social Changes

HK0302024393 Beijing CHINA DAILY in English
3 Feb 93 p 1

[Article by staff reporter Zhong Bu: "Reforms 'Are Moulding Society'—Survey"]

[Text] The fledgling socialist market economy has led to irreversible changes in Chinese society according to a top-level report released yesterday.

"China has entered a new era, characterized by a changing social structure. This involves labour, industry, and conditions in both the urban and rural communities," said the General Report on Analysis and Calculation of the 1992-93 Chinese Social Situation.

It is the first time the results of an official survey on China's social developments have been made public in China, said sociologist Fang Ming, co-author of the report.

The survey, undertaken by the China Academy of Social Sciences (CASS), was conducted by 20 government departments, research institutions and top universities.

The general social situation in 1992 was marked by high-speed growth in the national economy, and a stable social and political environment, the report said.

China saw a 12 percent growth in its economy last year and people's standard of living also improved appreciably.

Lu Xueyi, another leading sociologist and co-author of the report, told China Daily the country's social situation shows the current market-oriented reform is irreversible and that the achievement of the opening policy extend "from coastal to inland areas."

Lu, also head of CASS's Social Sciences Institute, said: "Deng Xiaoping's statement in Shenzhen last spring and decisions made at the subsequent 14th Party's Congress have given a great push to the development of the national economy."

"Meanwhile, the great changes that took place in the economy last year have greatly influenced the social situation."

People are now no longer bothered by the question of "whether this or that is socialist or capitalist" and the

trend of building a socialist market economy with Chinese characteristic is "irreversible," Lu noted.

A series of figures published in the report illustrate this.

In 1992, Chinese people's disposable income increased by 6.3 percent over the previous year; the national unemployment rate is 2.3 percent; the income ratio between the country's richest 20 percent and poorest 20 percent of people is now 4:1; and the natural growth rate of the population is 12 per thousand, the report says.

At the same time, the report warns of some serious problems.

In some areas, the report says, there is an overheating trend sparked by the setting up of open development zones, the issuing of shares or rampant real estate trade.

The National Retail Prices Index rose by 6 percent over the previous year, affecting people's cost of living. Last year also witnessed more major crimes and economic lawbreaking.

From now on, China will publish an annual report on the figures and analysis of its social situation, Lu told China Daily.

Deng's, Zhu Rongji's Views on Current Situation

HK0202084093 Hong Kong CHING PAO in Chinese
No 2, 5 Feb 93 pp 42-45

[Article by Keng Ti-sheng (5105 6611 5116) "written 6 January": "Deng Xiaoping's Comments on China's Political and Economic Situation; Zhu Rongji Forwards Ways To Prevent Overheated Economy"]

[Text] Since the beginning of last month, the mainland's political arena has been especially tranquil. Except for the personnel changes in the military, which are still going on, things in other fields of endeavor have progressed in their own way and no relatively conspicuous contradictions or conflicts have emerged.

So far, no hot points of conflict have emerged between the conservative and reform forces within the CPC. The reform orientation toward a market economy set by the 14th CPC National Congress, has unified the understanding of the entire party for the time being. The conservatives who have always opposed market economy-oriented reform no longer dare to make public statements on adherence to their opposition stand and some have even gone as far as expressing their support for the reform, although they did it insincerely. Although the reform forces have won a victory in the issue of building a market economy, most people in this camp feel dejected and depressed because of their failure to thoroughly dig out the "leftist" ideological roots and forward and expound the goal of building democratic politics relating to building the market economy. They contend: The market economic mechanism cannot be established by relying exclusively on the administrative reform of government organs. Administrative reform

and separation of government and enterprise functions can only solve the problem of division of power in terms of economic functions and cannot solve the problem of the composition of the political representation, policy-making, and organization of the economic rights and interests. In a word, it cannot solve the problem of securing the political system of economic rights and interests. This being the case, it is not impossible for power to be taken back after power sharing was implemented. Moreover, whether or not a market economy and the economic ownership structure "based on public ownership" can coexist and tolerate each other has not been proven. On this issue, the CPC decisionmakers did not allow any public, thoroughgoing explorations and extensive experiments to be made, while the conservative forces were still entrenched in the formidable political barriers of "opposition to peaceful evolution" and "opposition to privatization." Nevertheless, despite the abovementioned problems, overall, the two political forces within the CPC are in a state of truce at present. New focal points of conflict have not yet taken shape. Both sides are accumulating strength and seeking a new political breakthrough point.

Patch a Quarrel and Reconcile the Parties Concerned in Exchange for Stability

The higher echelons of the CPC leadership have readjusted the posts of the Central Propaganda Department Director Wang Renzhi, Acting Culture Minister He Jingzhi, and RENMIN RIBAO Director Gao Di, letting these "leftist" figures step down from the front stage and urging their successors not to make any noticeable moves to "correct their predecessors' mistakes." On the other hand, following the book "Historical Trends," the book "Memorandum on Guarding Against 'Leftism'," a collection of antileftist articles compiled by Hu Jiwei, Yu Guangyuan, Sun Changjiang, Li Zehou, Xian Yan, Bao Jin, Shao Yanxiang, and others, was openly distributed. The two abovementioned events can probably indicate that by solving contradictions and making concessions to avoid trouble, the higher echelons of the CPC leadership tried to achieve more stabilizing opportunities.

Deng Xiaoping's Two Views

Deng Xiaoping is quite satisfied with the mainland's current political and economic situation. Not long ago, he passed on a message to CPC Central Committee Political Bureau Standing Committee members, including Jiang Zemin and Li Peng, expressing his two views. Deng Xiaoping said that the 1990's serve as a good opportunity for China to develop its economy. We must firmly seize the opportunity and develop the economy a little faster. Whether or not a faster development can be achieved in the 1990's hinges on two conditions: One is political stability. We must guard against rightism but chiefly prevent "leftism." It seems that this judgment is of benefit to stability. We must have a definite, firm, and clear-cut attitude toward the problem of rightism, bourgeois liberalization, and the 4 June incident, and not allow them to create confusion once again. Disruption caused by

"leftism" must not be underestimated. It hampers growth rates and it manifests itself very easily when problems arise. The force of habit is quite tremendous and people will unconsciously follow suit. The day when reform and opening up are not upheld, this party and system will be in danger. All party members should be urged to understand this point of argument. They should not waver in reform, opening up, and economic development at any time. The other condition is the problem of agriculture. We must have a correct judgment of the present foundation of China's agriculture. Generally speaking, the foundation is still relatively weak. If something goes wrong with China's economy in the 1990's, the trouble may possibly start with agriculture. With the issuance of IOU certificates to the peasants for grain and cotton purchases and the heavy burdens on them, the peasants do not have any enthusiasm for grain cultivation. If agriculture goes wrong, it is unlikely to revive for several years, and the overall situation of economic and social development will be seriously hampered. It will be impossible for us to achieve a faster development even if we so desire. There will be no stability without agricultural development and grain shortages will lead to social disorder. This is a historical lesson from which we have suffered many times. We must attach great importance to it. It is my hope that you will devote some efforts to grasping agriculture. (Note: In the last 10 days of December last year, CPC General Secretary Jiang Zemin personally presided over an agricultural symposium of six provinces, stressing that, at the beginning of this year, the primary task was to strengthen the status of agriculture as the foundation for the national economy. Recently, Tian Jiyun, State Council vice premier in charge of agricultural work, specially dealt with agricultural issues. Obviously, these maneuvers stemmed from Comrade Deng Xiaoping's directive concerning the problem of agriculture.)

The Macroeconomic Environment Has Tended To Become Strained

The message from Deng Xiaoping was an expression of his general view on the mainland's current economic and political situation and a reflection of one aspect of the mainland's problems in economic development in 1992. While discussing the mainland's economic situation recently, some mainland economists aired the following views: One view says that the mainland's economy was estimated to grow at a rate higher than 12 percent in 1992, a year which witnessed the highest growth rate since 1988. In economic terms, this was partly because banks issued an excessively large amount of currency (renminbi—estimated to be between 130 and 150 billion yuan) and partly because the amount of foreign capital inflow increased sharply as the country opened wider to the outside world (it amounted to approximately tens of billions of U.S. dollars). The inflow of capital in large amounts helped improve the overall economic situation during the first half of 1992. Consequently, various economic sectors had a greater desire for investment and economic activities become more energetic, in which both healthy and unhealthy economic elements played

their own roles simultaneously. The growth rate of foreign-invested enterprises and township and town enterprises, as well as the private and individual economies, which are closely related with market economic mechanism was generally 7-12 percent higher than that of state-run enterprises. The most sought after goods on the mainland consumer markets are generally turned out by foreign-invested and township and town enterprises. Nevertheless, these enterprises are mostly concentrated in the light industrial sector where processing promises a relatively quick increase in value. Their development is also subjected to the mainland's limited asset market, asset movement, and an inactive asset composition. Moreover, their industrial strong points are unable to move and expand to the vaster fields of the national economy. Thus, they cannot play a greater leading role in the mainland's economy. Several tens of thousands of large and medium state-owned enterprises grew to a certain extent in 1992. However, up to now these enterprises have preserved the operation mechanism of a planned economic model. In their total trading of raw materials and products, although the ratio of raw materials and products traded through the market is already high, these enterprises receive funds as large as more than one-third their output value for their survival in the forms of government subsidies and bank loans. Of the more than 100 billion yuan excessively issued by the mainland in 1992, approximately 60 percent went to loss-making enterprises of this type. At the same time, these enterprises kept products worth hundreds of millions of yuan in stock. Because most of these loss-making enterprises are appendages of government departments at various levels, they cannot move and transfer their assets to high-priority enterprises and industries from other departments and localities and reorganize their assets with their specific departments and localities through the form of bankruptcy. So, the growth of these enterprises, which is manifested in the appearance of more goods kept in stock, has aggravated the strains on the mainland's money and materials markets. Meanwhile, in 1992, the mainland's scope of capital construction exceeded that of previous years. The state significantly delegated to lower levels the power to examine and approve capital construction projects. Thus, localities vied with one another in launching projects requiring investments which each ranged from hundreds of millions of yuan to several thousand million yuan. The investments were mostly used to build roads, railways, airports, ports, electricity projects, communications facilities, various development zones, and in real estate. However, the investment in agriculture and basic industries such as raw and semifinished materials, was relatively inadequate. Therefore, in the second half of 1992, the demand for basic industries products, such as construction materials, iron and steel, nonferrous metals, coal, and petroleum, drastically increased. Consequently, the gap between supply and demand widened; the prices of the products kept on rising; the funds for purchasing agricultural products were in serious shortage; and IOU certificates became currency in a disguised form circulating for payment purposes in the

rural areas and causing an increasing strain on the whole economic environment. Since August last year, the State Council has instructed the curtailment of the credit scope but, because loan interest rates were not increased at the same time (mainly through fear that any interest rate increases would increase the burden on loss-making state-run enterprises), the demand for loans in all parts of the country kept on rising. Most mainland economists unanimously agreed: In 1993, the mainland's macroeconomic environment will become further strained; inflation pressure will build up to an unprecedented large degree; and the unfavorable impact of an overheated economy will conspicuously emerge.

If the Economy Overheats the Old System Will Return

Mainland economists pointed out: The other economic phenomenon meriting attention is that while overheated economic growth is taking place, serious shortages have emerged on the mainland in effective social consumer demand and bank savings deposits remain high. The "sales with prizes" wars carried out by localities to boost consumption are getting increasingly fierce but there has been no significant investment increase in the consumption sector. What is more significant is that, since the beginning of last year, the mainland has repeatedly readjusted the prices of various goods. Hence, the prices of various daily consumer goods, such as grain, have risen by varying degrees. Nevertheless, the ordinary people on the mainland were strangely calm and there were almost no phenomena such as bank runs or buying sprees. This puzzled the mainland's economists. One explanation argued: The reasons behind the inadequate desire for consumption are multifaceted. The products turned out by many state-owned enterprises, which constitute a leading position in the economy, are less marketable; large amounts of funds have been invested in capital construction as a result of implementation of a slanting policy in this sector; loss-making enterprises kept huge amounts of funds idle in stock; and the ordinary people's incomes have grown slowly. Some economists specially pointed out: The deeper-rooted reason for the inadequate desire for consumption is the overall poor efficiency caused by the mainland's seriously imbalanced industrial structure. The logic relating to this state of affairs is that the irrational price system, the hindrance of the formation of priority industries by the compartmentalization between different departments and regions in industrial terms, and the elimination and reorganization of enterprises with poor efficiency, have caused an overexpansion in processing industries and also a waste of funds and materials. Inadequate investment in basic industries and the resulting poor efficiency have had a "bottleneck" effect on the national economy. On the contrary, the high profit-making processing industries absorb funds and materials in large quantities, raise costs, and scramble for raw and semifinished materials whose supplies are becoming scarcer with each passing day. Moreover, the protection of the departments and trades in these kinds of industries, and the state's policy of subsidizing and

supporting loss-making enterprises, have limited their elimination through competition. Consequently, the prices of the products from these processing industries are high because of their costs so that consumers cannot spend more money buying them; the industries' aims for high profits cannot be materialized, development cannot be achieved therefrom, and the state cannot reinvest, in any form, in the basic industrial departments forming the "bottleneck mechanism." Mainland economists maintained: If the abovementioned deep-rooted problems in the economic structure are not solved, it will be impossible for the mainland's economy to maintain a high development growth rate in the 1990's.

In the face of this economic situation, mainland economists all pointed anxiously: If the mainland's economy becomes overheated and inflation swells once again as happened in the second half of 1988, the traditional planned economy could possibly have a chance to revive and the market economy-oriented reform and opening up will run aground [ge qian 2364 3239] once again. At present, efforts should be made not only to guard against the emergence of such a situation but also to solve the deep-rooted structural problems in the economic development, to avoid following the same disastrous old road [fu zhe 6010 6568] of "economic improvement and rectification" conducted during the last few years and the overall revival of the traditional planned economic structure.

Zhu Rongji's Theory on "Export-Oriented Economic Development With High Quality, High Efficiency"

How, then, do we solve the increasingly pronounced problems currently cropping up in the mainland's economic development? Recently, when discussing the economic situation, the CPC Central Committee Political Bureau decided to take measures to prevent overheated economic growth from raising its head again. Zhu Rongji, who was recently admitted to the leading body of the CPC Central Committee Political Bureau Standing Committee, has a relatively clear stance on this matter. On many occasions he has stressed: It is not important to define a ratio for economic growth rates but what is most important is that economic development should strive for high quality and efficiency and be export-oriented. With this premise guaranteed we should not be afraid of high growth rates but, without that premise, there is no point in defining any growth rates. For China's economic development to strive for high quality and efficiency and an export-orientation, as well as high growth rates, the only way to take is to adhere to reform and opening up as well as the orientation to the market economy, enabling enterprises to genuinely have full decisionmaking power, operate independently, and assume full responsibilities for their own profits and losses. Naturally, some confusion may possibly occur in the course of development. Nevertheless, we should draw a distinction between the price that should be paid in the course of establishing a new economic structure, the factors that still play roles as counteractions as the old structure dies out, and the inherent characteristics of the new structure. Different

measures should be taken to solve the problems but on no account should we tighten up the moment confusion occurs and solve problems concerning development using the traditional planned economic methods. Before the drive of reform and opening up was carried out, it was effective to solve the problems in the traditional planned economic structure by means of tightening controls through planning but, today, when two economic structures coexist, side by side, and efforts are being made to transform the old structure into a new one, if we still use the old methods characterized by the withdrawal of the already delegated powers to lower levels and strengthening central direct controls, this will lead to greater confusion and may possibly shake even the political power and the basic political and economic systems.

There Is a Suggestion of Overheated Economic Growth But the Conclusion Is Not Yet Final

Zhu Rongji has his own views on "an overheated economy." He said: There is also a problem of "changing one's mind" in approaching this matter. In the traditional planned economy, the central authorities exercise very strong microcontrols over economic activities but have a weak capability of controlling macroeconomic activities. They make their judgments on the overall economic situation more often than not by making simple additions on the basis of a one-sided understanding of the micro and local economic activities and, therefore, there are great deviations in their judgments. For example, on the issue of capital construction, it is obvious that there are poor links in China's basic industries. Infrastructure and transportation, electricity, energy, and raw and semifinished materials have been in short supply for a long time. However, the moment control is mentioned it starts with, above all, these economic sectors and all investment in them is halted. Nevertheless, from the macroeconomic point of view, these projects have a role to play in ensuring a sustained and coordinated economic development. If they are all discontinued regardless of their importance and urgency, not only will we pay a price in long-term economic development but it will also not help our current efforts to remedy the overheated economic growth. This is because if we do so, the state must spend an additional amount of funds maintaining economic operations. So, today, to have a correct judgment of the economic situation currently facing us, we should approach it from a macroeconomic and comprehensive viewpoint. Is our economy overheated at present? As I see it, there is a suggestion of overheated economic growth but the conclusion is not final yet. The market is playing an increasingly greater role in distributing economic resources. Investment behavior is subject more and more to the soundness of output returns and product quality and the limits of an export-oriented economy. Investment activities and ratios, which are confined to this framework, will not have any unfavorable impact on society's economic life. However, the problem that merits attention is that in some departments and localities, investment

activities are still the types of behavior under district government control and interference and which lack economic regulations to check; there are also trends of blind expansion, such as the crazes of running "special economic zones," of constructing office buildings, auditoriums, restaurants, and hotels, and of trading land for building purposes at a profit. If these things are not restricted, they will hamper the growth and maturity of the market economy and the healthy development of the overall economic situation. To solve these problems, we should rely on market economic means. To check and correct the malpractices of the traditional planned economic structure by the market economy, at present we should speed up the pace of transforming the international operation mechanism of large and medium state-run enterprises, promote governments at all levels to transform their working functions, separate government and enterprise functions, and replace direct government interference and control of enterprises with enterprise behavior responsible for the market. Moreover, the state should formulate a series of macroregulation and control policies to standardize government participation and interference in economic life.

Who Will Be the Next Premier

Zhu Rongji has officially replaced Yao Yilin as the first deputy premier assisting Li Peng in taking care of routine matters. There are indications during the latest period that he made the final decisions and handled things more than Li Peng did and, on many occasions, Li Peng's presence was of symbolic significance. An official from the State Council leaked in private: Li Peng himself does not have a strong desire to continue his premiership for another term. He told Deng Xiaoping and Jiang Zemin of his willingness to "obey the decision of the organization." He said: "If I am allowed to continue as premier, I will do my best to carry out the job well and, if not, I will not have any dissenting views." The official said: In the current economic situation in which no major problems have ever occurred, Li Peng is only too glad to make use of Zhu Rongji's economic views to gain his own ends. He himself is not able to create anything new and original therefore, there is no need for him to use great efforts to put forward economic views other than Zhu's. Hence, the two have coordinated with each other pretty well so far. However, how the economy will fare in 1993 remains unknown. If problems crop up, there will be a contradiction as to which views to follow, Li Peng's or Zhu Rongji's. Only when he assumes the premiership can Zhu Rongji implement his own views. As Li Peng's deputy, it is very unlikely Zhu Rongji will be able to do that and Li Peng himself will also be unable to do his job well.

Superficially, the mainland's political arena is very tranquil and uneventful. However, it is no foregone conclusion as to who will be the State President and Premier of the State Council after the elections for the National People's Congress's to be held in March. Under the present structure, a power vacuum will surely lead to a power struggle. During the 14th CPC National Congress,

the Yang brothers were attacked and weakened. After the last 10 days of February perhaps we will know the outcome of who will be in power and who will lose power in the upcoming elections for the National People's Congress.

Hu Jiwei on Democratic Theory, Promoting Democracy

HK2101095493 Chengdu CHANGZHANG JINGLI
RIBAO in Chinese 11 Jan 93 p 3

[Article by Hu Jiwei, former chief editor of RENMIN RIBAO: "Establishing a Theory on Democracy, Promoting Democracy in China—Talks With Entrepreneurs About My View on Democracy"]

[Text] China definitely must develop democracy if it wants cultural renovation, political reform, and economic prosperity. Without the founding of democracy, there will be no sound and happy life for the Chinese, and there will be no progress and development for modern China.

CHANGZHANG JINGLI RIBAO invited me to contribute a special article to the column "A Thousand Years of Contact: Great Discussion on China and the World," which offered me an opportunity to discuss with entrepreneurs some of my views on democracy. That is very exciting to me, and I would like to express my thanks for the invitation.

It was only 10 years ago that I began to think about the issue of democracy. Reviewing the twists and turns and drawing bitter lessons from the experience over the past 50 years or so, I have a more and more profound belief that China definitely must develop democracy if it wants cultural renovation, political reform, and economic prosperity; that without the founding of democracy, there will be no sound and happy life for the Chinese, and there will be no progress and development for modern China. Therefore, I would like to devote my remaining years—which will not be a long period, as I am now in my seventies—to the cause of founding China's theory on democracy and promoting democracy in this country.

Let us start with the definition of democracy, since even now people are still arguing about such questions as "What is democracy?" This indicates, at least, that our society still has not reached a common understanding on democracy. So one can readily expect how the real conditions of democracy are in our society.

By this I do not mean that democracy has been talked about too much. On the contrary, I think democracy has been scarcely discussed. Many people have shown little interest in this. As far as I know, no newspaper or journal has ever launched—since the "Cultural Revolution," let alone during and before the "Cultural Revolution"—any discussion on such topics as "What is democracy in China?" and "What kind of democracy does China need?" Perhaps some people would argue that democracy cannot possibly be founded simply through plain

discussion. But, as I see it, if you ignore democracy, or have no intention of discussing it, or do not want to talk about it, or cannot or dare not talk of it, then, I am afraid, there will be no hope of introducing democracy, even if a small number of people wish to practice democracy. In China, democracy must be based on the understanding and consensus on democracy, and a consensus cannot possibly be reached without the understanding, expression, and exchange of ideas on democracy.

As far as the value and purpose of, and approach to the development of, democracy in China are concerned, democracy is the defining of freedom and self-consciousness and the confirmation of social justice by all the citizens, in the form of law and on the premise of equality. Democracy is, in the first place, a concept and a value orientation which implies that man should reconfirm the nature, dignity, and value of man.

I hold that as far as the value and purpose of, and approach to, the development of democracy in China are concerned, democracy is the defining of freedom and self-consciousness and the confirmation of social justice by all the citizens, in the form of law and on the premise of equality. Democracy is, in the first place, a concept and a value orientation which implies that man should reconfirm the nature, dignity, and value of man. To an individual, man's nature rests with his freedom—his endless desire and unlimited creative power; man's dignity rests with his sense and ability to identify, choose, and realize values on his own; and man's emancipation lies in that he becomes the master of himself, while showing respect for others' wishes and rights to become the masters of themselves—this implies that man has been physically liberated from the yoke of slavery, and spiritually emancipated from the slavish traditions. At the same time, one should realize that the realization of man's freedom and emancipation is by no means merely a personal affair; to this end people must establish a corresponding social order and state system, namely, democracy. In terms of its social function, democracy is a kind of social order, a state system to maintain social order, whose purpose is to ensure that "every individual's free development is the prerequisite for all people's free development" ("Manifesto of the Communist Party"), and all the citizens will enjoy fuller and fuller real freedom and peace. As a kind of order and system, democracy involves control and administration of people. However, democracy is definitely unlike autocracy, whereby a small number of people or even a single individual can arbitrarily control the majority of people; nor does it mean the majority's blind obedience to the administration by a small number of people. Under a democratic system, the only purpose of the exercise of state power and control and administration of people is to facilitate the realization and protection of civic rights. In this connection, the citizens' rights and obligations and the state's power should be defined and confirmed by all citizens, based on the principle of the minority subordinate to the majority. While enjoying rights, the

citizens should perform their obligations. While exercising their power according to the law, the enforcers of state power shall not infringe upon the citizens' rights. In this connection, the citizens have the right to elect and recall enforcers of state power, and to discuss and participate in state affairs and to have a say in state decision-making.

Democracy cannot be realized by simply giving orders. The realization of democracy needs the growth of sense of autonomy and self-consciousness and the establishment of a common understanding on the concepts of freedom, equality, universal love, and justice among quite a number of people, apart from a series of political, economic, and cultural conditions. To become perfect, democracy needs the gradual integration and interaction of theory and practice. The realization of democracy also requires the mutual regulation among people and, in particular, the self-restraint by each individual. Without conscious self-restraint by individuals, especially by those who have the power and capacity of influencing society, democracy can hardly be realized or perfected. This is particularly so in China.

Of course, some people will disagree with me on my above description and understanding of democracy, or they may cite one foreign theory on democracy or another to amend or supplement my view, or refute mine with some China-made theories on democracy. All such responses are welcome and I believe they are definitely necessary. And I am willing to have frank discussions with them on an equal footing, because I am sure that my description and understanding certainly have some unrealistic and imperfect points. Various statements and interpretations of democracy certainly have, and should have, something in common, as well as differences. I believe that China's theory on democracy can only be founded and perfected in a spirit of freedom, equality, and tolerance of different opinions and through the discussion on, comparison between, mutual amendment to, and mutual supplement of different views on democracy.

For the time being, the only criterion to judge whether a Chinese theory on democracy is correct and necessary or not is to see whether it can suit the needs of and is conducive to the pursuit of the modernization of the state and society.

But I would like to emphasize one thing: What should actually be used as the criterion to judge whether a Chinese theory on democracy is correct and necessary or not? Should it be any foreign theories on democracy (including those originated from the West and the former Soviet Union)? Or should it be a prescription by a certain authoritative person? In my opinion, there is only one criterion, that is, to see whether a theory can suit our needs and is conducive to our pursuits (including our personal needs and pursuits as well as our nation's needs and pursuits). For the time being, the criterion is to see whether a theory can suit the needs and is conducive to the pursuit of the modernization of the

state and society. In other words, different needs and pursuits will give rise to different attitudes toward different versions of democracy.

Some people only want to survive and do not care about the way they live. What they need is the sustaining of their physical lives, the supply of clothing and food, and filial propagation. They ignore human spiritual needs and give up pursuit of comforts and creation. So they will not seek the right of freedom, the right to properties, the right to well-being, and so on; and, of course, they will not be concerned about democracy. Only in a democratic society will all these rights be affirmed and safeguarded.

Some people only want to become wealthy. They seek a certain degree of freedom to chase a fortune, but they are not quite clear about the relations between economic development and political democracy, and they do not quite care about human dignity and rights. Neither will they seek such political rights as the right to vote, the right of recall, and the right to stand for election, or the right to freely convey ideas and air opinions. If a man believes it is worth becoming a deaf man, a blind man, or a mute (who turns a deaf ear and a blind eye and remains silent to state and social affairs), or even cheating others against his conscience, so long as he can make a fortune, then this man of course will not ask for any democracy. People in a democratic society not only want to work but also want to behave like humans; they not only want to be materially wealthy but also spiritually sound; and they not only want themselves to live well, but also want others to live well!

If some people attempt to retain their autocratic power and only want to live well and enjoy "freedom," but pay no attention to others' "freedom," or even resort to deprivation of others' well-being and freedom in pursuit of their own "freedom," rights, and interests, then they will not advocate democracy, because only in an autocratic society can they enjoy the monopolized power and "freedom."

Therefore, if we proceed from the various needs and pursuits on the part of all members of society, we should make a more realistic evaluation of the rationality and progressiveness of democracy. Then we will find that democracy is not equally indispensable and beautiful in everyone's eyes.

Facts of history have shown that democracy has become an objective need of China in its effort to sustain progress and development in the modern time. It is a pity that many people have no conscious and rational understanding of this need, or they on their part do not feel any subjective need for democracy. This being the case, we should work out a relatively comprehensive description and analysis of democracy in China, out of a sense of mission to found a theory, and then turn in a consistent and convincing self-contained conclusion.

As viewed from basic historical facts, for a very long period in the course of development of human society,

many people did not need democracy, or did not even have the least idea about democracy.

In the traditional Chinese society that lasted several thousand years, the regulation of the subsistence culture which believes that "heavenly truth must be safeguarded at the expense of human desires" and that "no posterity is the greatest of the three unfilial acts"; the ethical restraints based on the belief that "a subject must be killed if the monarch wants him to end his life, and a son cannot survive if his father wants him to die"; the tyrannous rule of the autocratic imperial court; and the restrictions due to the closed and limited small-scale peasant economy all greatly suffocated or even eliminated the spirit of autonomy, self-consciousness, and initiative among the Chinese. People were deprived of almost all their sense and ability to confirm and realize values, and they also almost completely lost their sense and ability to confirm and safeguard human nature and dignity. In that "inhuman" society that "slaughtered people," there were scarcely any concepts and matters of freedom, equality, universal love, and justice. If anyone tried to advocate and promote democracy in that society (this is of course an absurd assumption), he must have indulged in the wildest fantasy and would have been killed, because the autocratic imperial court would never allow him to do so, and the vast majority of the public would not understand and accept him, either. There were no conditions or possibility for modern democracy to spring up from the soil of the traditional autocratic society of China, and, therefore, the rationality and progressiveness of democracy were just out of the question.

In China, democracy arose along with the acute conflicts between the Eastern and Western culture (the culture of survival and the culture of development), with the loss of the traditional values and the seeking of new values, with the collapse of the autocratic imperial power and the emergence of the new political forces, and with the dissolution of the small-scale peasant economy and the emergence of modern industry and market economy. In more than 100 years, democracy was always linked with major social changes in China: A democratic republic replaced the autocratic imperial power; science and democracy became the two major slogans in the May Fourth Movement; resistance to Japanese aggression and democracy were mentioned at the same time in the national salvation movement. The revolution in the pre-1949 period was called "New Democratic Revolution." When the revolution was triumphant, it was pledged that "new democracy" would be a social form for a fairly long time. When the PRC was founded, the new government was called "Democratic Coalition Government" with all pro-democracy classes jointly holding the ruling power. After the 10-year turmoil, the CPC Central Committee pointed out: "A fundamental task of the socialist revolution is to gradually establish a highly democratic socialist political system. Inadequate attention was paid to this matter after the founding of the PRC, and this was one of the major factors contributing

to the initiation of the "Cultural Revolution." (see "Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC") In the last 10-odd years, Deng Xiaoping repeatedly stressed this point: "To launch a socialist modernization drive, we are aiming at economically catching up with the developed capitalist countries and politically creating a higher level of democracy with more substance than that of the capitalist countries. We also aim to foster more and better-trained people with professional competence than they do. It may take us different lengths of time to attain these three objectives. But as a vast socialist country, we certainly can and must attain them. Therefore, the merits of our party and state institutions should be judged on the basis of whether or not they help us advance towards these objectives." (see *Selected Works of Deng Xiaoping*)

The undeniable historical facts show that in modern times, democracy has become a concept and a fact standing against the backwardness in Chinese society and being linked with social progress. People certainly turned to the appealing and driving force of democracy; took democracy as a slogan for inspiring and uniting the people; and made progress in institutionalizing democracy when rising to overthrow the autocratic imperial power, when striving for national independence, when eliminating the illnesses in society, when advancing the economic prosperity, when terminating the feudal fascist dictatorship in the "Cultural Revolution," and when abolishing the Stalinist proletarian dictatorship of socialism. What does all this indicate? At the least, it indicates that democracy has become an objective need in seeking further progress and development in modern China.

It is a pity that many people are still unaware of such an objective need, or lack a rational knowledge about it. In other words, they still cherish no desire for democracy. If an objective need in society has not been understood by the population and has not become the target of their efforts, then it can hardly materialize or mature and grow strong. In modern times, the Chinese people tend to take democracy as an expedient for solving some pressing problems in a passive and pragmatic manner when calling for advancing and building democracy. Democracy was often taken as a slogan or a means of achieving certain purposes, which, in some cases, completely went against democracy. For example, this happened during the "Cultural Revolution." Mao Zedong once said: "Sometimes, such a thing as democracy looks like an end; but in fact, it is just a means to an end." This remark was actually representative of a commonly accepted idea. In reality, once an end was achieved, the means of democracy was cast aside until it was picked up again next time to pursue another end.

Few people would seriously consider, discuss, and propagate such questions: Is democracy an end, or does there exist something that can be called the concept of democracy, the order of democracy, or the system of democracy? In modern times, when China was undergoing

changes, why was democracy advocated and neglected alternately again and again? Is democracy an objective need in China when she is making further progress and development? If it is, what is the ground for its existence? Should democracy be taken as one of the objectives of our country's modernization drive, one of the criteria for testing various systems in our party and state, and one of the ends and prerequisites of advancing reform and opening? Is democratic politics a necessary condition for economic prosperity? If facts eventually show that democracy is not as important and indispensable as people imagine, then we may forget it. However, if democracy is indeed one of the indispensable conditions for the realization of modernization in China, and if there will be no progress and prosperity in China without democracy, but people still willingly or unwillingly keep such an indifferent attitude toward democracy and take it as something not essential and not indispensable, then are we not, too, irresponsible to ourselves, to society, and to history? Therefore, in my view, we must seriously study and discuss the issue of democracy in China and thus establish a more correct and reasonable theory about China's democracy. I stress the need to establish the theory about China's democracy, because I deeply feel that casual and perfunctory talk will achieve no meaningful and useful result in understanding and resolving the issue of China's democracy; only by making a great effort, proceeding from the high plain of theory, and giving a comprehensive account to and making comprehensive analysis of China's democracy from the past to the present, from culture to nature, from the political field to the economic field, from the material world to the mental world, from China to foreign countries, can we reach a cogent, solidly grounded, and convincing conclusion.

Since the collapse of the autocratic imperial power, China has been undergoing a process of being freed from the state of enslavement. Emancipation not only means the breaking of the shackles imposed on the people by the old cultural and social structure, but also means that the people have begun to act consciously on their own to establish a sense of seeking, selecting, and fixing new values and to establish a new cultural and social structure.

By saying this, I do not mean that democracy is anything unattainable, but I do believe that only the theory about China's democracy can help the Chinese people understand the nature, tendency, and future of China's social changes in the past more than 100 years, and understand the role and significance of democracy in such changes. Since the collapse of the autocratic imperial power, China has been undergoing a process of being freed from the state of enslavement. The nature of overthrowing the autocratic imperial power, smashing the feudal ethics, resisting the foreign enemies' aggression and plunder, eliminating class oppression, abolishing the personality cult of a leader, and carrying out reform and opening up are the same—that is, to smash the original situation in which the population was enslaved and manipulated by some people and to strive for the emancipation of all

people and the whole nation. Emancipation not only means the breaking of the shackles imposed on the people by the old cultural and social structure, it also means that the people have begun to act consciously on their own to establish a sense of seeking, selecting, and fixing new values and to establish a new cultural and social structure. Not all people now respect and defer to the sole traditional values in society without exception; instead, more and more people have been acting on their own to select, adopt, create, and fulfill new values in order to satisfy their own needs and the needs in society. This thus provides the most reliable driving force for social progress and development. However, in the course of changes over the past more than 100 years, people have not only realized that a society which only recognizes and allows the existence of one single system of values (that is, a certain system of values accepted sometimes by the great majority of people) is not a reasonable and promising form of society, and in a normal and reasonable society, all citizens should have the right to adopt and fulfill their own values; they have also realized that certain common points must still be upheld by all members of society in the values they cherish; otherwise, it will be hard to establish an orderly condition conducive to the normal existence and development of the society. Moreover, not every system of values is reasonable and acceptable. For example, the values of traditional autocracy that only stubbornly maintains a certain system of values and does not recognize other people's right to select and adopt their own values, or even try to interfere in such right, may be something unacceptable to most people. Obviously, China's changes and progress require the establishment of such an ethos and such a new social norm and order; that is, ensuring that every citizen enjoys the right to adopt and fulfill certain values on his own while not infringing upon other people's legitimate rights. Obviously, this is the social norm and order affirmed by the system of democracy, and it is exactly the values of democracy. In the course of changes over the past more than 100 years, various contradictions, struggles, and twists and turns occurred. In the final analysis, they were caused by the different options and approaches in selecting and adopting different values. It seemed that people did not concentrate their energy and effort on fulfilling the values they selected; instead, they wasted their energy in the endless and exhausting struggle against each other. They did not find a method and did not establish a norm or a system to enable everyone to fulfill his or her values in a condition of not disturbing other people, or even in a condition of carrying out better cooperation with other people. In fact, democracy is precisely such a norm and such a system. In my view, if the system of democracy is not established, it will be hard for any people to fulfill their values, no matter how perfect the values are, as the advocates claim, and it will also be impossible to reasonably and satisfactorily fulfill the value of man's life; instead, man's life will only be worn down by the meaningless and exhausting internal strife.

Hence, we can be certain that democracy is the objective requirement for China's continual progress and development. Not only does China need democracy in the future, China also needs it now. Without realizing democracy, China will not have a bright future. The reason we are fully confident of realizing democracy is that we believe that an overwhelming majority of people will ultimately identify with the value of democracy, because democracy does not reject other value orientations; on the contrary, its existence helps guarantee the realization of other value orientations and ensure that everyone can be in pursuit of and realize his own insatiable and unlimited creation. Democracy only rejects one kind of value orientation, that is, autocracy.

The creation and perfection of democratic theories can only be realized in a democratic atmosphere, which truly "lets a hundred flowers bloom and a hundred schools of thought contend." We must swear with deep grief: No more ideological autocracy.

Of course, my understanding of democracy is imperfect, but the only right thing is that there should be many kinds of theories about China's democracy. I even wish for the emergence of a theory which completely denies democracy in China, because I believe that some in China still disapprove, in their heart of hearts, of democracy and support autocracy. If these people, according to their subjective views, still hold that their own proposition is correct, or even in the interests of the party and the country, they should frankly speak out their own grounds. Moreover, they should also allow others to express different viewpoints of democracy to create a new situation which truly "lets a hundred flowers blossom and a hundred schools of thought contend." I still stress: The creation and perfection of China's democratic theories can only become a reality in an increasingly strong democratic atmosphere. First, it is necessary to allow free expression of different kinds of opinions, to advocate a spirit of leniency and of tolerance of dissidents. We should uphold our own standpoint as well as respect others to uphold theirs; and we should have the courage to admit our poor opinions and be adept in assimilating others' good points. Even if we maintain that we have a very correct view, we still cannot use autocratic or even violent means to coerce others to accept it or to show approval against their will, whereas it is certainly out of the question to use the pressure of political movement to coerce others to accept it and to worship us and to form an autocratic situation. Second, any correct theory must stand a practical test and must be transformed into reality through practice. It is necessary to uphold the truth and to rectify mistakes in practice, and efforts must be continuously made to perfect and to revise the theory, and to reach a consensus among as many people as possible. Whether in theoretical research or in practice, it is necessary to allow others to make and to rectify mistakes and to abandon those autocratic means of capitalizing on others' shortcomings, putting labels on others, and bludgeoning others—these means have been prevailing for a long time. Over

the past several decades, we suppressed, criticized, and attacked a number of good viewpoints, propositions, and theories as if they were erroneous and reactionary, causing inestimably enormous losses to our country and nation. We must bear this lesson firmly in mind and encourage mutual criticism and self-criticism, rectification of mistakes and submission to the truth, and an attitude of modestly listening to others' opinions and respecting different views, particularly respecting those views which are directly opposite to ours. We must bear Comrade Mao Zedong's remarks firmly in mind: "The only way to settle questions of an ideological nature or controversial issues among the people is by the democratic method, the method of discussion, criticism, persuasion, and education, and not by the method of coercion or repression." ("On the Correct Handling of Contradictions Among the People") Hence, we must swear with deep grief: No more ideological autocracy.

We must discard the impetuous mentality of seeking quick success and instant benefit and strive to study, to the best we can, the issue of China's democracy in a rational manner. If a conclusion considered sensible, comprehensive, and practical is arrived at, we should propagate and practice it, no matter what kind of understanding of democracy in China it has, and no matter whether it affirms or rejects democracy in China—this is precisely my attitude toward China's democracy.

Wish that entrepreneurs will pay close attention to the issue of democracy in China and become a new main force of founding the theories of China's democracy and of promoting democratic construction. Without democratic politics, all enterprises will not be able to give full play to their abilities and to carry out their great plans in a vigorous manner.

Finally, I must also explain, in particular, why I am so excited when discussing democracy with entrepreneurs, because I hope entrepreneurs will pay close attention to the issue of democracy in China. For various reasons, most of the past discussions and studies of the issue of democracy were confined to the intelligentsia, which is outside the realm of enterprises. This was an abnormal phenomenon. I believe that the enterprise circles should also attach great importance to democracy in China, and that the intelligentsia should conduct joint discussions and studies with entrepreneurs, because there is an increasingly urgent need for modernized enterprises and economy to adapt to and coordinate with democratic politics. Political democracy promotes and safeguards economic prosperity, whereas the ideal of a good government, enlightened policies, and honest and upright officials is awaited for years by the enterprise circles. And this depends on whether or not entrepreneurs have the right to participate in government and political affairs and to discuss government policies; to participate in the decision-making and legislative process; to criticize and to supervise the administration and the legislature; to promote competent officials and to dismiss those who are incompetent; and whether or not more rising entrepreneurs have the right to elect candidates or be

elected to important government posts at various levels. All these require the establishment and perfection of democracy. This is precisely the reason why more and more people support the thinking, which is embodied in Comrade Xiaoping's remarks: "Without democracy, there will be no socialism or socialist modernization." Without democratic politics, enterprises will be in an extremely powerless position, entrepreneurs will be completely fettered; the master status of vast numbers of staff and workers and of the broad masses will have no practical guarantee; the leadership and rank and file of enterprises will not be able to fully bring their initiative, vigor, and creativity into play; and enterprises as a whole will not be able to give full play to their abilities and to carry out their great plans in a vigorous manner. Entrepreneurs who have emancipated their minds should have a profound understanding of this point.

Therefore, I hope that entrepreneurs will not only concern themselves with democracy and study and discuss democracy with each other, but will also become a main force of founding the theories of China's democracy and of promoting democratic construction. With the development of reform and opening up, and with the development of the modernization undertaking, the might of this main force will not only be exhibited in the construction of economic prosperity, but also in the construction of policy democratization, and both aspects will become increasingly important. We believe that only when all the people make great efforts, particularly when this main force throw themselves into the combat, can we truly "create a higher level of political democracy with more substance than that of the capitalist countries."

Your comments or criticisms on the appropriateness of the above opinions are welcome!

Luo Gan on Party Organizations' Functions

HK0302103093 Beijing RENMIN RIBAO in Chinese
19 Jan 93 p 3

[By Chen Jiqing (7115 4949 3237): "Luo Gan on Stringent Party Management at the Seventh Work Meeting of the CPC Central Committee's Work Committee for Central Government Organs"]

[Text] The CPC Central Committee Work Committee for Central Government Organs recently held its seventh work meeting. Before the meeting, Li Peng, member of the CPC Central Political Bureau Standing Committee and premier of the State Council, listened to the work report about party work in the government organs. He encouraged party organizations at all levels in the central government organs to fully play a support and supervisory role in economic construction and in reform and opening. At the meeting, Luo Gan, secretary of the party work committee and secretary general of the State Council, made a speech on conscientiously implementing the spirit of the 14th party congress and giving

full play to the role of the party organizations in economic construction and administrative structural reform.

Luo Gan said: The entire party members and cadres should firmly adhere to the guideline of taking economic construction as the central task, and should make contributions to the healthier and quicker development of the national economy. The central government organs perform the function of social and economic management, and play an important role in the development of the national economy. Therefore, it is necessary to further emancipate people's minds, strengthen the overall control and regulation over economic development in light of the requirements in the establishment of the socialist market economy, and actively foster the socialist market economy and guide its development. While promoting rapid economic growth according to the principle of dealing with everything according to the actual conditions in reality, we must also keep ourselves sober-minded and promptly resolve problems in the economic work when they arise. It is necessary to pay simultaneous attention to the development of both material civilization and socialist spiritual civilization and actually meet the requirement of "using both hands to grasp and keeping both hands tough." Party organizations at all levels should arrange the contents and forms of their work in close connection with the economic and other functional tasks of their own organs, mobilize and organize party members and cadres to do their own jobs well and successfully fulfill various tasks. At the same time, it is necessary to exercise more effective supervision over the implementation of the party and state principles, policies, and major decisions by the party members and leading party cadres, thus ensuring the effective implementation of the government decrees and instructions.

Luo Gan stressed: Party organizations at various levels in the central government organs should, according to the requirements of the new party constitution revised by the 14th party congress, correctly understand and fully perform their "support" and "supervisory" functions, persistently adhere to the principle of exercising stringent management of party affairs, further improve their ideological, political, organizational quality and work style, actively improve the party's work, and enhance their combat effectiveness and the party members' quality in the course of reform, opening, and economic construction. In the course of administrative structural reform it is necessary to coordinate the adjustment of the party organizations with the adjustment of the administrative institutions according to the principles of streamlining the structure and enhancing work efficiency. However, no matter how the administrative structure will change, party organizations must always be consolidated and strengthened and must not be weakened.

The meeting summed up the work of the party organizations in the central government organs last year in implementing the spirit of Comrade Deng Xiaoping's

important talk during his inspection tour to the south and the spirit of the 14th party congress and arranged the work in 1993. A number of party committees and party secretaries and deputy secretaries who achieved outstanding results in their work were commended at the meeting. More than 100 people, including members of the work committee and party committee secretaries in various central government organs, attended the meeting.

New Achievements in Social Services in 1992

OW2901003993 Beijing XINHUA Domestic Service in Chinese 2114 GMT 25 Jan 93

[Text] Beijing, 26 Jan (XINHUA)—Data provided by the State Planning Commission's Department of Social Services shows new achievements in our country's social development in 1992.

Educational services were expanded rapidly. The nine-year compulsory educational program was systematically implemented. Secondary vocational and technical education, pre-school education, special education, and adult education were further strengthened. Enrollment in ordinary institutions of higher learning totaled 2.18 million, up 6.9 percent from the end of 1991. Some measure of success was achieved in restructuring study disciplines and special courses. Governments at all levels and people enthusiastically raised money for education. In promoting primary education, the entire country basically achieved the goal of "dismantling hazardous schoolhouses, building classrooms, and providing classroom desks and stools."

Cultural pursuits flourished. People enjoyed a rich and colorful cultural life. There were good plays and movies. Radio and television served the needs of thousands of households. Periodicals and newspapers enjoyed significantly increased sales, thanks to their substantive information and lively themes. Libraries, museums, archives, cultural centers, nightclubs, and karaoke parlors mushroomed everywhere.

In public health services, the focus shifted to rural health care and preventive health care. Governments at all levels paid close attention to these health services; the broad masses of peasants and people enthusiastically supported and actively participated in relevant health programs. Funds used in 1992 for rural health care and preventive health care increased by more than 1 billion yuan from 1991. Health care for the sprawling countryside was further improved; the incidence of major infectious diseases continued to decline.

Remarkable success was achieved in physical culture, with new achievements in all sporting events. In an historic development, our country joined the world ranks of sports giants during the 25th Summer Olympic Games.

Tourism blossomed, thanks to tourist promotional activities in 1992. Tourist arrivals are expected to total 37

million for the entire year. Foreign exchange earnings from tourism are expected to total \$3.7 billion. These figures represent increases of 11 percent and 30.3 percent from 1991.

Family planning work was stressed and strengthened. Plans for controlling the population growth were fulfilled in an all-around way, despite record numbers of women of childbearing age and women in their highly fertile years.

Unemployment rates in urban areas declined, thanks to our country's high economic growth rates. The people's living standards further improved. New progress was made in reforming the labor and wage structures. Reform of the social security system was also carried out step-by-step.

In 1993, our country will further expedite the development and reform of various social services. This will contribute to continuing improvement in the people's living standards and quality of life.

—The state will continue to give strategic priority to education by actively promoting the universalization of nine-year compulsory education and by vigorously developing secondary vocational and technical education, adult education, and higher education. In 1993, ordinary institutions of higher learning throughout the country plan to enroll 786,000 students for regular and special courses, while secondary vocational schools will enroll 900,000 students. Moreover, local authorities will be given more decision-making powers regarding student enrollment.

—To meet with the masses' increasingly spiritual and cultural needs, vigorous efforts will be made to enhance the building of spiritual civilization. More attention will be paid to developing culture, news, publications, broadcasting, audio-visual information, public health, sports, tourism, and other undertakings; particular attention will be paid to stepping up the development of such undertakings as education, culture, radio broadcasts, television, and medical care in vast rural areas, old revolutionary areas, minority areas, border areas, and in impoverished areas. In 1993, the number of the nation's hospital beds will be increased to 2.8 million; public cultural facilities will be gradually expanded; the total printed pages of books, magazines, and newspapers will reach 659 million; and the mixed coverage rates of radio and television broadcasts to the population are projected respectively at 75.6 percent and 81.5 percent.

The policy of family planning will continue to be strictly enforced. Unplanned births will be controlled. Management of the floating population's family planning will be strengthened. The total annual population will be controlled within 1.19 billion, and the rate of natural birth increases under 13.88 per 1,000.

To adapt to economic structural reform needs, a series of supplementary reforms of the management structure for

labor wages will be carried out; the process of nurturing the development of various types of labor markets will be accelerated; more autonomy in hiring will be given to enterprises and institutions; regarding wages, flexible management of the total amount of salaries will be practiced; and a mechanism for normal growth in wage distribution and a mechanism for self-restraint on wages will be established.

Reform of strengthening the social security system will be further carried out; expansion of the scope of old age pensions will be promoted; and reform of the unemployment insurance system and medical insurance system will also be gradually promoted.

To promote the further development of social services, it is necessary to fully bring the initiatives of the state, collectives, and individuals into play and extensively mobilize all social forces. To develop social services, it is also necessary to be guided by the state's relevant policies on accelerating the development of the tertiary industry; to differentiate among the natures of social development; to reform the management structure and operating style; to introduce market mechanisms; to grant more autonomy to invigorate operations; enhance self-development capabilities; and accelerate the process of industrialization and socialization of social services.

Article on Conducting Family Planning

HK3001073093 Beijing RENMIN RIBAO in Chinese
11 Jan 93 p 3

[Article by Song Ping (1345 1627): "Uphold the Basic National Policy. Do a Good Job of Family Planning Work"]

[Text] After the Third Plenary Session of the 11th CPC Central Committee, our Party conscientiously reviewed the positive and negative experiences in handling the issue of population since the founding of New China and designated family planning as a basic national policy. Through the painstaking efforts of the whole party and the whole nation, we have scored great achievements in controlling population growth and upgrading the quality of the population. These achievements have caught world attention. The results of the fourth census indicate that the index of child-bearing of women in China has dropped by a big margin compared with the end of the 1970's and the beginning of the 1980's. In 1978, the combined child-bearing rate (Note: Combined child-bearing rate refers to the sum total of the child-bearing rates of women of all age groups. This index indicates the number of children that the women of child-bearing age may bear, provided that they spend their child-bearing period according to the child-bearing level of this year) of women in China was 2.72; in 1990, it dropped to 2.25. The combined child-bearing rate in one third of all the provinces, autonomous regions, and municipalities nationwide has come under or close to the level of replacement [geng ti 2577 2583]. The discrepancy of women's child-bearing rate among various regions has

also narrowed to some extent. Practicing family planning has helped the country and society save large sums of consumption funds; reduced the pressure caused by excessively fast population growth on the people's basic necessities of life as well as such domains as education, medical care, employment, and ecological environment; contributed much to the socialist modernization process and the upgrading of the people's living standards; and, consequently, generated enormous social benefits [she hui xiao yi 4357 2585 2400 4135] and economic benefits.

With the development of economic construction, cultural undertakings and education, medical care and public health, and social security, the health levels and average life expectancy of the Chinese population have further improved. The mortality rates of infants, newborns, pregnant women, and women in labor have continued to decline. In 1987, the average life expectancy in our country reached 69.5 years, representing one of the fastest improvements among all countries in the world. The practice of family planning has also played a positive and catalytic role in the upgrading of the quality of China's population.

However, one should see that the situation regarding the issue of population in our country is still grim. Though women's child-bearing rate nationwide has significantly dropped, the net increase of population each year is still above 15 million, which means the population of a medium-sized country is added to our population each year. Our country is now experiencing the third population boom since the founding of New China. In the entire 1990's, especially during the Eighth Five-Year Plan period, we will be faced with a massive child-bearing population. It is estimated that even if the population growth is strictly controlled, the population will still grow close to 1.3 billion by the end of this century; the total population will reach approximately 1.47 billion by 2020 and close to 1.6 billion by 2050. If the work on family planning is not well executed, this figure may be exceeded. For a developed country like ours, this population pressure is overwhelming. Therefore, the work on family planning can only be stepped up, not relaxed. Nor can we do the work by fits and starts. As long as the party committees and governments at various levels attach importance to it and mobilize forces from all quarters of the society to make conscientious and strenuous efforts to this end for a number of years without break, lay a good foundation, set up the system, and gradually accustom public opinion and the masses to this, the work will be easier. If we do crash jobs by fits and starts, we will only get half the results with redoubled efforts, and will always be in a passive position in our work.

Some comrades raised this question: Our country used to have a planned economy, so family planning was carried out; but now that we are engaged in socialist market economy, is it still necessary to practice family planning? The answer is yes. In their letter to the China Family Planning Association in 1990, Comrade Jiang Zemin and Comrade Li Peng pointed out: "Family planning is

a long-term basic national policy of our country. It was set in light of China's national conditions and based on the Marxist theory on the matching of population growth with material production." These are the national conditions of our country: a large population, limited resources, and a relatively low level of productive forces. Without family planning, the country will not prosper and the people's livelihood will not be improved at a fast pace. Therefore, as a basic national policy, the policy of family planning does not change alongside the change in the mechanism of economic operation. Even the capitalist countries which are entirely engaged in market economy are also very concerned about the problem of excessively fast population growth and many of them have adopted all kinds of methods to control it. The planned control of population growth by mankind according to the level of material production is a sign of civilization and progress. We of a socialist country should do even better. While setting the target model of building socialist market economy, the 14th party congress report included the sustained improvement of the people's livelihood, strict control of population growth, and the strengthening of environmental protection in the 10 major tasks for speeding up the reform and opening up and propelling economic development and overall social progress. It emphasized that the work on family planning should not be relaxed under any circumstances and the realization of the prescribed population control targets must be ensured. Making a good job of family planning is a concrete action to implement the spirit of the 14th party congress.

Though it is necessary to look at the various indexes of total supply when measuring the economic and social development and the people's living standards, what is of greater practical significance is the per capita index. Many of the indexes of total supply in our national economy are in the lead compared to the rest of the world, but when they are divided by the total population, the resultant figures are quite behind compared to the rest of the world. For instance, China's total outputs of grain, meat, and cotton are number one in the world and the outputs of such major industrial products as steel, coal, crude oil, and electricity also rank in the first five places in the world. But in terms of per-capita share, most indexes are below, and some are even way below, the world average. Therefore, in a big country like China with such a big population and a relatively underdeveloped economy, it is all the more necessary to be used to calculating in terms of per-capita figures. If the economy is not well developed, accomplishing our target of struggle for the end of this century will not be possible. Similarly, if family planning is not well conducted, accomplishing our target of struggle for the end of this century will not be possible. We must conscientiously and consistently pay attention to the "two types of production" simultaneously. We should not only boost the economy with resolute efforts, but also further lower the birth rate with resolute efforts. This issue does not brook even the slightest wavering of attitude.

The issue of population is an economic issue as well as a social issue and, at that, a major issue concerning the overall development of the economy and the society. It is necessary to associate material production with population production and associate population production with all aspects of our work. We should adopt a holistic concept of population, which is called by some comrades as a "macroconcept of population." As the work on family planning cannot be divorced from economic development, which is the focus of our work, we must integrate the effort to solve the problem of population with such issues as developing the economy, supporting poor areas and helping them tap their potentialities, turning resources to rational use, protecting the environment, universalizing education, improving the conditions of medical care and public health, improving family welfare, and solving the aging of the population. This way, we can try to make comprehensive improvements, formulate mutually corresponding policies and measures, and break a new path for settling the problem of population. For instance, in our work on supporting the poor, we may find out simply by investigating and analyzing the poverty-stricken households in a village that the poverty of many households is caused by having too many children and increasing the financial burden of the family. Therefore, having more children than allowed by the quota is an important cause of poverty. For this reason, supporting the poor cannot go ahead without family planning. Similarly, family planning is also closely connected with education. Well-educated families and intellectuals' families generally do not want to have too many children because they have to spend a large amount of energy and money educating their children and having more children means greater burden. But those families that do not pay much attention to educating their young spend less money training and educating them, so for them having another child means adding a pair of chopsticks. Therefore, they tend not to give much thought to family planning. This is why family planning should be integrated with the universalization of education. In conducting family planning, it is imperative to attach importance to eugenics and sound child-rearing. The quality of the population has a bearing on the rise or fall of a nation and the future generations. One of the reasons for strictly controlling the size of the population is also to improve the quality of the population. Along with the progress of family planning, the problem of the aging of the population has gradually surfaced. The sex ratio also deserves attention. These problems, if not well resolved, will give rise to new social problems. For instance, the issue of old-age insurance has a direct bearing on family planning. The insurance fund has to be accumulated over a long time; therefore, we should solve this problem at an early stage. Further procrastination will put us in an even more passive position. Today, this issue has caught the attention of relevant departments and many localities have started doing something about it. They should keep up their efforts. In short, we should not conduct family planning

as an isolated undertaking. Only by making comprehensive improvements and approaching the issue from different angles at the same time can we get twice the result with half the effort.

The work on family planning is not the business of family planning departments alone. According to what is required by the central authorities, the party committees and governments at various levels, especially the chief comrades in charge of them, should personally pay attention to them and assume overall responsibility. All relevant departments, including the mass organizations of workers, youth, and women, should work in close coordination and form a "chorus" in tackling the issue of population and family planning with concerted efforts.

Family planning work involves each and every family. It is very difficult to change the traditional concept of child-rearing that has formed over thousands of years and, in the meantime, solve the practical problems in the masses' real lives. Yet it is because of its difficulty that our effort is necessary. Apart from legal and administrative means and guidance operated by material interests, a very important measure is to make a good job of ideological work to make the masses practice family planning voluntarily. In this respect, family planning associations may play a very important role. In recent years, many grass-roots associations have managed to adapt themselves to the new circumstances of rural construction and the development of reform; have played an active role in setting the pace, propaganda, education, service, and supervision; created many new methods and new experiences in making a good job of family planning; and achieved good results. The following are some of the methods adopted:

First, they carry out in-depth and meticulous ideological work, propaganda, and education on those who have reached the child-bearing age, in various vivid and lively forms. Family planning associations are mass organizations. They can only do ideological work on the masses and cannot resort to coercive means or issue orders. Their activities must show the features of mass organizations in whatever they do. The members of the associations come from the masses, take root in the masses, and are distributed in various places. They are familiar with the specific situation and have good connections with local people. They can chat with the masses to help them understand the policy, in the streets or in the fields, at any time. Letting the masses educate themselves is a good tradition of our party and a principal method of work for family planning associations. It is necessary to recruit into the associations some art and literary workers who are enthusiastic about family planning, so that they can produce some programs as family planning propaganda that are welcomed by the masses. It is also necessary to make full use of the press, radio, television, and films, as well as small radio stations, blackboard notices, small performance troupes in villages, which will all participate in the propaganda and form an extensive public opinion in society at large that deems family

planning an honorable cause. Some areas in Jilin Province conduct extensive education in household management among the women who have reached the child-bearing age. This kind of education covers family planning, eugenics, how to build a new type of family relations, socialist ethics and moral values, marriage and married life, family education, family health care, family economics, household property, basic necessities of life, and so on. Training is offered to selected members of the associations who are young and well educated, so that they can go back to explain to those who have reached the child-bearing age and associate family planning with the building of civilized and happy families. These measures have been well accepted by the masses. Therefore, we should broaden our vision in carrying out the work on family planning and try to work out more methods.

Second, they try to do as many practical things and good things as possible for the masses and integrate family planning with the effort to develop rural commodity economy and help the masses reach prosperity through hard work. Family planning cannot be divorced from economic development. It is imperative to carry out the "two types of production" simultaneously. Today, there are many avenues for attaining prosperity in rural areas and the key is to have somebody organize the peasants. Lunan and Luxian Counties in Shandong Province are situated in the Yimeng Mountains, so their circumstances are not so good. Under the support of the party committees and governments, the grass-roots associations organized the women who had reached the child-bearing age to make straw articles, wickerworks, knitwear, and embroidery. They set up over 4,000 economic projects and over 20,000 women in the said age group took part in them. All the enterprises run by the associations were collective enterprises aimed at offering a family planning service. Whoever had done well in family planning would be given priority in recruitment, so she could get rich first. Some people had practical difficulties and hesitated to practice family planning. These economic entities could help them solve their difficulties. This way, local economic development was spurred on and the people's concepts, including those of marriage and child-bearing, were changed. The family planning associations in some rural areas organized one-child parents to participate in the activity of planting "happiness old-age trees" and showed results after a few years' time with the masses' income rapidly increased. The concept of "raising children to provide against old age" has started to change and the masses' consciousness in family planning has been raised.

Family planning associations may conduct various forms of propaganda, consultancy, and service activities to help those who have reached the child-bearing age solve their difficulties. They should help and supervise family planning authorities, technical departments, medical departments, and maternity and child care departments in doing their service well; reflect the opinions and demands of those who have reached the child-bearing age; and assist the government in redressing

unhealthy tendencies in the work on family planning. The associations should try to win the trust and support of the masses through their activities and functions and truly become the bosom friends of those who have reached the child-bearing age.

Third, they mobilize party members, cadres, and activists to set an example and play the role of model in family planning. The power of an example is infinite. Only when party members, cadres, and members of the associations take the lead can the masses be convinced.

Fourth, they resort to the party's leadership and the support from governments at various levels in making a good job of their self-development. Today, there are over 900,000 family planning associations at various levels with over 50 million members all across the country. This seems to be quite a big figure, but not so when compared to the number of women of child-bearing age. Today, the total number of women of child-bearing age exceeds 300 million, 120 million of whom are at the age of vigorous child-bearing and over 13 million at the peak age. The family planning tasks are still rather arduous. It would not work if the work on family planning solely depended on a small number of people. If a situation is formed whereby the majority is persuading the minority, things will be easier. Therefore, I think family planning associations should continue to develop themselves, especially in the localities and units where the tasks of family planning are quite heavy and difficult, such as rural areas, neighborhoods, wholly or partially foreign-funded enterprises, private-owned industrial and commercial establishments, rural markets, and areas where the floating population concentrates. The comrades in Shandong said: The work of the associations, vertically, should reach the bottom, i.e., covering neighborhood committees and villagers' groups; horizontally, reach the sides, i.e., covering an extensive area to make the members' activities felt wherever people in the child-bearing age caliber are found. Naturally, however, recruitment of members is restricted by certain conditions. The candidates must be keen on family planning, are capable of actively working with the masses, and have the spirit of self-dedication, because the work of the associations is largely on a voluntary basis.

I believe that with the attention from the party committees and governments at various levels and with the support from the broad masses of people, we are bound to be able to accomplish the targets of economic development and population control set for the end of this century, and the work on family planning in our country is bound to display a new prospect.

Commentary on Journalism Serving Economics

OW2701131093 Beijing ZHONGGUO JIZHE in Chinese No 12, 15 Dec 92 p 1

[Monthly commentary by Jiang Chunyun, member of the CPC Central Committee Political Bureau and secretary of the Shandong Provincial CPC Committee: "Journalism Must Serve the Purpose of Establishing a Socialist Market Economy"]

[Text] The establishment of a socialist market economy as forwarded by the 14th CPC National Congress is a major party breakthrough on the theory of socialism. The change from a traditional planned economy to a socialist market economy will certainly have a profound impact on the people's mind, concept, way of life, thinking, and work methods. Facing the arduous task of developing a socialist market economy, journalism must also undergo great change. We must change from our old habitual concept based on a planned economy, and firmly foster new thinking which can serve the purpose of developing a socialist market economy. We should promptly adapt ourselves to the new situation and new tasks. The change is also a historical task for the party's journalists who must take concrete actions to uphold the party character under the new situation.

For journalists, the urgent task at present is to familiarize themselves with the market economy as quickly as possible. In the past we did not have an adequate study on the theory of a market economy, and we knew even less about the practice of a market economy. Therefore, in the face of the new subject of a socialist market economy, journalists must prepare themselves in both theory and practice to meet the new challenge. We must strengthen our study and acquire new knowledge. We must not only clearly understand the basic theory, principle, and operational mechanism of a socialist market economy, but must also strive to acquire related knowledge in economics, international markets, and modern and advanced science and technologies. The enhancement of new knowledge and the renewal of old knowledge are precisely the important contents of "changing our mind" as mentioned by Comrade Deng Xiaoping. There are no ready-made models to follow in developing a socialist market economy, and it must rely on exploration and creation by a great number of people, including journalists. Our journalists should bravely plunge themselves into the great change toward a socialist market economy and should know how to adapt themselves to the new situation of developing a socialist market economy. They should throb with the pulse of our times in practice, actively explore and study new things, constantly sum up new experiences, speed up the transformation from "the realm of necessity" [bi ran wang guo 1801 3544 3769 0948] to "the realm of freedom" [zi you wang guo 5261 3945 3769 0948], vigorously publicize new ideas and creations, and intensively and energetically publicize reform and opening up so as to promote the establishment and development of a socialist market economy.

Under the conditions of developing a socialist market economy, news reports and propaganda should be more realistic and practical. Realistic news reports are to publicize things in accordance with the objective law of growth and development of a market economy, and to promote the realization of the goal of establishing a socialist market economy through scientific and effective guidance with news reports. For this purpose, we must proceed from reality, make diversified reports on

the growth and development of the market, show typical examples, refrain from following fixed patterns in news reports, avoid reaching hasty conclusion on questionable things, and not induce unnecessary debates. We should respect the creativeness of the masses and should respect practice. We should let practice prove things and reflect the trend of the times of reform and opening up as well as the intrinsic requirement [nei zai yao qiu 0355 0961 6008 3061] of developing a market economy.

We should be good at employing materialist dialectics. The guiding role of news reports and public opinion is especially important in the course of establishing a socialist market economy. Experience has proven that, when the people are highly interested in and paying close attention to certain things or a particular thing, it is especially necessary to attach importance to using dialectics in propaganda. All things have a dual character. If we only attend to one thing and lose sight of another, we will be apt to commit mistakes of metaphysics and one-sidedness. A market economy itself is diversified and has many hot spots [re dian duo 3583 7820 1122]. It changes and fluctuates easily. We must employ dialectical ideology to grasp and control it. Regarding those "overheated" issues, we should make efforts to cool them down through the employment of appropriate news reports. As to those things which cannot attract the people's attention, we should "add some heat." In short, we should make a concrete analysis of concrete conditions, pay more attention to dialectics, and publicize and report things in an "appropriate" manner.

In meeting the new challenge, it is imperative to speed up the reform of journalism. We should further increase reports of and disseminate information to satisfy the need of social development and science-technology progress as much as possible. Information is a factor with abundant vitality in the market economy, and so future competition in journalism will likely be competition in reporting on information. It can be said the extent of information in news reports may reflect the extent of the mass media's adaptability to the market economy. We must pay attention to solving the problem of readability. Reports which lack readability will not be accepted by the masses and may adversely influence the results of propaganda. Articles should be as short and precise as possible so as to meet the requirement of high efficiency and fast pace under the situation of a market economy. We should also strive to make reports more realistic and related to life and the masses. In addition, journalism should strengthen its service nature and provide information related to work, life, and the recreation of the people. It is necessary to stress that party committees and governments at various levels should actively support the reform of journalism. In particular, it is necessary to firmly support journalists to remove formalism from news reporting—such as reports on ceremonies for first publication of books, ribbon cuttings, awarding of prizes, and other events without much news value.

Reform and opening up and the development of a socialist market economy have set a higher demand on journalism and have provided a good opportunity for the development of journalism. In the wake of rapid development of a socialist market economy, the field of journalism will be broader and much can be accomplished.

Article Predicts Resurgence of Communism

HK2901090293 Beijing DANGTAI SICHAO in Chinese
No 6, 20 Dec 92 pp 59-60

[Article by Wei Wei (7614 1550): "The Goddess Restores the Crack in the Sky"]

[Text] No one ever expected that such a shocking event would take place at the end of the century—half of the socialist sky has collapsed. In this place, brightness turned to darkness, masters became slaves, fierce winds roared, tigers and wolves were running all over the wild fields, the capitalist bloodsucking animals came out again, and the people once again fell into the abyss of calamity.

Meanwhile the other half of the socialist sky is bathed in bright sunshine, although with some dark shadows. This is an exceedingly special situation of today. So, regarding the fate of socialism overall, what historical responsibilities should the people living under this part of the sky shoulder?

Here, I thought of the most ancient legend of our nation: The goddess restoring the crack in the sky.

According to the legend, the goddess, living somewhere around Taixing Shan, was extraordinarily powerful. With a human head and a snake's body, she was capable of changing shape 70 times a day. It was said that it was she who created human beings. Unfortunately, the northwestern corner of the sky suddenly collapsed, and torrents of rain poured through endlessly. The sky could no longer cover the earth, and the earth was unable to prop up all things on it any longer. "The burning flames were inextinguishable, the flood water did not subside, ferocious beasts ate ordinary people, and fierce birds seized the old and the weak." It was a terrible, perilous, and astonishing scene. However, the goddess was perfectly composed, and eventually patched up the crack in the sky with a kind of colored stone which she smelted. Afterward, she "cut the legs off a huge turtle to prop up the heavens, killed a black dragon to provide relief to the divine land, and threw reed ashes to stop the floods," so that the people were able to lead a peaceful life again. Like the stories of "Jingwei filling up the sea," "Kuaifu chasing the sun," and "the foolish old man removing the mountain," the story of the "goddess restoring the crack in the sky" manifests the great spirit of the Chinese nation. When we review it today, perhaps it will give us some enlightenment!

Maybe some people will say: That is a legend, and the real sky, that half of the socialist sky, has already collapsed, and cannot be restored.

I say: No!

First, the specific road is tortuous, but the general historical law of development is unchangeable. Judging from historical experience, from the British bourgeois revolution in 1640 [as published] until the socialist revolution in October 1917, the bourgeois revolution traversed a historical process of nearly 280 years. In such a long course, the road of the bourgeois revolution was likewise tortuous with twists and turns. Whether in Britain or in France, the restoration maneuvers of the feudal classes took place 20 years after the proletariat seized state power. In Britain, after the restoration of the Stuarts, their methods of retaliation were extremely cruel. They even exhumed the bodies of the revolutionaries of those years, put them on wooden scaffolds, paraded them through the streets, and hanged them. But the restoration of the dethroned monarch could not prevent the historical destiny of the decline of the feudal classes, still less change the direction of development of history. It seems that the socialist revolution made by the proletariat will only follow this law, and it will be even more complicated and formidable than the bourgeois revolution. This is because in the bourgeois revolution, an exploiting system was replaced by another exploiting system, but the socialist revolution calls for the fundamental abolition of private ownership. Counted from the October Revolution up to the present, the socialist revolution has only been carried out for 70-odd years. As viewed from the angle of history, the time is not very long, and the capitalist restoration which has taken place in some socialist countries is not incomprehensible, just like the restoration of the feudal classes in history. Similarly, such a restoration did not signify the ultimate victory of capitalism, still less change its inevitable decline. So far as the people in the socialist countries are concerned, this is merely a temporary setback, and it does not mean that they have finally bidden farewell to communism. In other words, this is merely the beginning of another round of struggle for the socialist revolution.

Second, we should draw lessons from the degeneration in some socialist countries, and peaceful evolution can be prevented. Now, there are three factors which have led to the degeneration in some socialist countries: 1) The strategy of peaceful evolution practiced by the imperialists in a protracted and positive way, which has influenced these countries; 2) the strong pressure exerted by the revisionist groups of some big countries on other countries which they had an influence on; and 3) the trouble stirred up by the domestic forces of bourgeois liberalization in these countries. These three factors often collaborated and coordinated with and echoed one another and, when the opportunity arose, the political power of a socialist country was seized in one action, resulting in the fall of the country. Naturally, with regard to specific countries, there might be different centers of gravity. But we should point out that among these three

factors, the most vital and decisive one was the domestic forces of bourgeois liberalization. That the evolution in some individual big countries was so vehement and rapid that they disintegrated in a very short time was mainly due to the fact that the revisionist and other anticommunist forces usurped the party and state leadership. This is the most dangerous thing of all, and is the most bitter lesson for the degeneration of the socialist countries. However, so long as the Marxist party really understands this, puts the fight against bourgeois liberalization on the high plane of strategy, and adopts a series of tough measures, peaceful evolution can be prevented.

Third, in the places where there were setbacks, the struggle will not stop, and the party and the people will be even more staunch. It goes without saying that the masses there were dragged into the deep abyss gradually by the revisionist swindlers. These political cheats used such bewitching stuff as "being open," "democratization," "multiple-party system," "new ideas," and the like to confuse people's minds so as to make them believe that if only they made one more stride, they would reach paradise. After this drastic change, their sweet dreams were shattered, and people felt painfully that they had been fooled and deceived. Perhaps the remarks of a scientist are very typical when he said: "When I think of my previous trust in that guy, I give a snort of contempt for my excited feelings for him at that time. Now, I wonder whether that guy has done anything good for us or just thrown us into a penniless position and shirked his responsibilities to others." It can be stated that the people living in the drastically changed countries over the past couple of years have universally experienced the bitter results of degeneration. In these countries, society is turbulent, economies are sharply declining, inflation grows ferociously, prices are soaring sky high, and the unemployed emerge in multitudes, so that beggars appear in these countries where before there were none. We must note that those who have tasted the happy life of socialism will under no circumstances swallow this bitter fruit willingly. They will certainly rise to wage a struggle sooner or later. According to newspapers reports, wave upon wave of strikes and demonstrations have been staged unceasingly in some countries. The parties in these countries have sustained unprecedented assaults, some of them have been dissolved, others have been routed, and still others have changed their names. But the real communists will never stop fighting. They will certainly gather together and make their own ranks even more pure, firm, and combat-worthy. They will certainly sum up experiences and lessons conscientiously, rely closely on the proletariat and the masses, and seize back the state power usurped by the people who restored capitalism. We must know that these countries were, after all, socialist countries for several decades, the people's consciousness is high, the roots of communist ideology are deep, and their parties are considerably well founded. That is why we must not underestimate their potential.

Fourth, it is necessary to mention that the degeneration of some socialist countries is, no doubt, a major setback in the history of the communist movement, but it cannot remedy the declining tendency of capitalist development. As predicted by 50 economists in the United States and some other countries, the threat of the emergence of a global economic recession is looming large. The U.S. economy began declining in the summer of 1990 and it is still continuing. The United Kingdom, Canada, Australia, New Zealand, and other countries are also in recession. Italy and France are moving in this direction, while German and Japanese economic growth has slowed substantially. It is thus obvious that the prospects for capitalism are not very promising.

From this people can see that any pessimism about the future of communism is groundless. The imperialists, revisionists, and all anticommunist buffoons, big and small alike, should not rejoice too soon. The socialist sky will be patched up! All communists and the revolutionary people in the world, the people who have experienced the shocking events in particular, will certainly wake up with a start and redouble their efforts to overcome all difficulties and advance courageously. The great Chinese people will more profoundly realize their own historical responsibilities and make their due contributions while marching forward. Let us all act like the goddess! We will make the socialist sky ever more clear, vast, brilliant, and bright with the most beautiful colored stone!

Reader Urges Attention to Opposing Corruption

HK0302080593 Beijing GUANGMING RIBAO in Chinese 10 Jan 93 p 4

["Letter" by Jiang Han (3068 3352) and Li Disheng (2651 6611 3932): "Struggle Against Corruption Should Not Be Overlooked"]

[Text] Comrades on the Editorial Board:

To implement the spirit of the 14th CPC National Congress, on 17 November last year, your staff commentator's article entitled "Do an Ever Better Job in Party Building" correctly expounded some relevant contents. However, it failed to mention opposing corruption. In our opinion, it is not proper to do so.

To build a party serving the interests of the vast majority or one serving those of a minority? This is the fundamental demarcation line between our party and all bourgeois political parties. Corruption is as incompatible with our party's nature and purpose as fire is with water. We must guard against and oppose its erosion of the body of our party. In particular, as ours is a party in power, we must all the more not relax our efforts in this regard.

In the last few years, the party Central Committee with Comrade Jiang Zemin as the core has repeatedly stressed strengthening party building and instructed us to "resolutely oppose corrupt behavior." It has warned the whole

party: "Party style is a question of life and death for a party in power. If corruption is allowed to develop unchecked, the party will head for self-destruction." Comrade Deng Xiaoping clearly pointed out: "If corruption, in particular that existing within the party, is not punished, there is indeed a danger of [the party's] meeting with failure." Thanks to the measures taken in last few years, improvements have been made in party style and the building of clean government. However, at present, many actions taken in practice by some units have proved: Relevant leaders and even a considerable number of party-member cadres have not attached adequate importance to fighting corruption, making more statements than real efforts in this aspect. Hence, the masses of the people still have strong complaints. According to the survey on issues such as interpersonal relations in society which your newspaper published on the front page of the 26 August issue last year, the public gave a 39.6 mark to the interpersonal relations in our society, which was far from being up to the mark [yuan yuan bu ji ge 6678 6678 0008 0644 2706]; 78.2 percent of the respondents maintained that "in the present society, nothing can be accomplished without sending gifts" and that the spending on "human sympathy fees" in social contacts between people was alarming; 72.8 percent held that "now people have become selfish"; and of the 19 categories of members of society, teachers were regarded as "the most beloved people" of our society, and "next come soldiers, workers, scientific and technological personnel, and peasants." Party and government functionaries of various types, who have power and influence and are in charge of money and material affairs, were not ranked in the name list. As we see it, this thinking of the masses of the people should not be overlooked.

Again, according to a report carried by your newspaper on page 2 of the 7 December issue last year, at present in China, on the one hand, the problem of food and clothing has not yet been solved and financial deficits occur year after year, and on the other, the corrupt phenomenon of squandering public money is now the order of the day. For example, according to the statistics on the reported spending on eating and drinking by units at county level and above throughout Hunan Province, spending in 1990 amounted to 180 million yuan, or 200 percent and 350 percent higher than the annual investments in water conservancy and education. The real figure for money spent by the localities and departments at all levels across the country (apart from the spending reported in account books) must be astonishing. If these phenomena are eliminated, will our country still have financial deficits? If the money is used in work to help the poor, will the problem of food and clothing remain unresolved? We must not regard this issue as unimportant.

When dealing with party building in his report to the 14th national congress, General Secretary Jiang Zemin incisively pointed out: "We must be fully aware of the urgency and protracted nature of this struggle, as well as

the tremendous difficulties involved." "In the entire course of reform and opening up, we must fight corruption" and "be determined to work hard for real results so as to win the people's confidence." All members of the party should firmly implement all this without exception in their own posts.

GUANGMING RIBAO is a highly influential, widely distributed newspaper in the nation, which enjoys high prestige. In your statements on strengthening party building in accordance with the spirit of the 14th national congress, as we see it, the major issue of the struggle against corruption should not be evaded. You should adopt a positive attitude and propagate the struggle extensively in the light of actual conditions so as to influence the reading public, bring the supervisory function of opinion-maker into full play, and struggle for the overall completion of the various tasks set by the 14th national congress.

With best wishes,

[signed] Jiang Han, Lin Disheng

Science & Technology

U.S., PRC Experts Decide on Satellite 'Explosion'
HK0302022993 Beijing CHINA DAILY in English
3 Feb 93 p 3

[Report: "Explosion Was Cause of Mishap on Satellite"]

[Text] U.S. and Chinese space experts have concluded that an explosion took place after the launch in China in December of an American-made satellite owned by Australia.

The explosion was the second mishap for an Australian satellite launch in China. Last March, an Australian satellite launch was aborted after the rocket failed.

About 45 seconds after lift-off of the second satellite, a small explosion took place in the satellite, Optus-B2. The blast damaged both the satellite and part of the rocket carrier, sections of which fell back to earth.

But the rocket carrier, LM-2E, performed normally, putting the partially-damaged satellite into its planned orbit, fulfilling the Chinese side of the contract, Guangming Daily, quoting an unnamed expert from the Ministry of Aero-space Industry, reported.

A group of 12 senior US space specialists visited Beijing and Xichang Space Centre to discuss the cause of the mishap with their Chinese counterparts on January 8 and 9.

They read and analyzed telemetry data collected, and examined debris from the satellite and rocket carrier in Xichang, Sichuan Province, and ruled out the possibility that the rocket carrier should be blamed.

The unidentified expert said that the small explosion made the satellite lighter, and the carrier rocket moved faster.

More Funds Allocated for Natural Science Research

OW0202134493 Beijing XINHUA in English
1320 GMT 2 Feb 93

[Text] Beijing, February 2 (XINHUA)—With the approval of the State Council, the Ministry of Finance will allocate 1.5 billion yuan (260 million U.S. dollars) for natural science research during the eighth state Five-Year Plan period (1991-95).

This was announced today by the spokesman for the China National Natural Science Foundation.

In order to support the research work on basic science, the government will increase the allocations for natural science by 70 million yuan yearly from 1993 to 1995.

Military

CMC Meeting Stresses Unity, Anticorruption

HK0302095893 Hong Kong MING PAO in Chinese
3 Feb 93 p 8

[Report: "Central Military Commission Holds an Enlarged Meeting Before the Spring Festival To Discuss the Key Issues of Unity and Anticorruption in the Army"]

[Text] According to a source in Beijing, before the Spring Festival, the Central Military Commission [CMC] held an enlarged meeting which was presided over by commission Vice Chairman Zhang Zhen. He and Jiang Zemin, chairman of the Central Military Commission and general secretary of the CPC Central Committee, spoke at the meeting. The meeting focused on discussing the issues of unity and anticorruption in the Army and readjustments of military cadres.

On the question of unity, Zhang Zhen reportedly cited examples from the seventh party congress to the present, pointing out that upholding unity instead of engaging in sectarianism, forming cliques to pursue selfish interests, or forming factions has been the fine tradition of the Chinese People's Liberation Army [PLA]. In recent years, however, due to the problems of some senior military leaders themselves, the phenomena of forming cliques to pursue selfish interests, forming factions, and engaging in sectarianism have become so serious within the Army that it is absolutely necessary to make up our minds to rectify them.

Zhang reportedly stressed that Army cadres, especially senior Army cadres, should firmly wage resolute struggle against the phenomena of undermining unity, forming factions, and engaging in sectarianism; that it is absolutely necessary to unite under the leadership of the party

Central Committee and the new Central Military Commission with Jiang Zemin at the core; and that any violation of this organization principle is impermissible. On numerous occasions he directed the spearhead of his attack against Yang Baibing, former secretary general of the Central Military Commission and director of the PLA General Political Department. As Yang had been relieved of his military post, he did not attend the meeting.

The source disclosed: Jiang Zemin, Liu Huaqing, and Zhang Zhen expressed extreme dissatisfaction over the current corruption situation within the Army, pointing out that it had reached a shocking stage. It is learned that the most important corruption phenomenon within the Army mentioned at the meeting was the acceptance of bribes and gifts. Some senior officers even accepted gifts in the form of high-quality commodity houses and luxury cars and that the practice of taking advantage of one's position to seek personal gain was serious.

Regarding degenerated military style, the meeting touched on the problems of the military engaging in trade. Last year, the PLA made a profit of 30 billion yuan (equivalent to the total annual expenditure) in trade. The meeting's general view on this issue is that, if we do not engage in trade like this, we will lack military expenditure and funds; but this practice has an adverse effect on the morale and general atmosphere of the troops. Jiang Zemin said: "If someone can give us 30 billion [renminbi] in a short time, there is no need for the Armed Forces to engage in trade." The meeting deemed it better to let things develop like this and adopted a "wait-and-see" attitude.

The source said: The popular practice of engaging in trade has a great impact on the Armed Forces. As a result, some military organs are in business as are some office cadres. This is especially rampant in the south. Quite a few division-level cadres ask to be transferred to civilian work to engage in trade at an early date and make money.

The Central Military Commission enlarged meeting also summed up and arranged for the readjustments of Army cadres. The readjustments of all military regions had been completed and those regarded as Yang Baibing's men had been moved from important posts.

It is learned that the first thing the hierarchy of various organs of the general departments and troops do after the Spring Festival is to hold meetings to implement the "spirit" of the current Central Military Commission enlarged meeting.

PLA To Import Advanced 'Defensive' Equipment

HK0302051493 Hong Kong WEN WEI PO in Chinese
3 Feb 93 p 3

["Dispatch" by staff reporter Tai Wei (2071 5633): "Liu Mingpu, Deputy Director of the PLA General Logistics

Department, Stresses That China Will Import Some Advanced Defensive Facilities"]

[Text] Beijing, 2 February (WEN WEI PO)—Liu Mingpu, deputy director of the People's Liberation Army [PLA] General Logistics Department, said here today: Because the Armed Forces' logistic equipment started at a relatively low point, China will import some advanced, purely defensive technology and equipment to narrow the gap between itself and developed countries. For this purpose, the PLA Logistic Science and Technology Development and Exchange Center and the Beijing Trade Promotion Association will jointly sponsor the Second International Exposition on Military Logistic Equipment and Technology at the Beijing Exhibition Center 23-28 October this year to promote exchange and cooperation in military logistic equipment and technology between China and other countries in the world.

Military Industry Produces More Consumer Goods

OW0202130293 Beijing XINHUA in English
1251 GMT 2 Feb 93

[Text] Beijing, February 2 (XINHUA)—Enterprises in China's defense industry have become strong rivals in the market as they have devoted a considerable effort to produce goods for civilian use.

China began to implement the program of turning swords into plowshares in the early 1980s.

Since then, the defense industry has established 475 production lines which manufacture more than 10,000 kinds of goods for civilian use. Now the output value of such goods accounts for 66 percent of the total output value of the defense industry.

Military enterprises that specialize in high-tech fields have utilized about 30,000 technological advances in civil industrial production.

They have also actively attracted overseas funds, key facilities and advanced techniques to produce motorcycles, vehicles, color television sets and refrigerators. They have also set up 1,200 representative offices or agencies in coastal cities to facilitate international cooperation.

Over 100 types of goods manufactured with defense technology have been exported to 80 countries and regions.

To increase their competitiveness, the military enterprises have formed conglomerates. The most powerful among them are the Kunming Marine Equipment Corporation (Holdings), the Chongqing Wuzhou Industrial Corporation (Holdings) and the China Zhenhua Electronic Industrial Corporation (Holdings).

Economic & Agricultural

Bo Yibo Article on Planning, Market

OW2901143693 Beijing QIUSHI in Chinese No 1,
1 Jan 93 pp 4-18

[Article by Bo Yibo: "Correctly Handle the Relationship Between Planning and the Market" dated 8 January 1992; first paragraph is QIUSHI editor's note]

[Text] This article, written by Comrade Bo Yibo in January 1992, systematically summarizes, on the basis of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, the experience and lessons learned from handling the question of planning and market since the founding of the People's Republic. It prominently stresses the need to employ market forces and bring into full play the regulatory role of the market. It is very helpful to us in our in-depth study of the theory on building a socialist market structure put forward in the report to the 14th national party congress.

I. Raising the Question

(1) The creation and evolution of all forms of social and economic systems must go through a process of consolidation and gradual maturing and perfecting. This was so in the case of feudal society, and also in the case of capitalist society. Socialism is an unprecedented great undertaking. It is a brand new social and economic system in the history of mankind, only a few decades old. Therefore, it must naturally go through a tortuous and even repetitious course, and it requires arduous efforts over a long period of time to explore and resolve many issues new, to or unresolved by our predecessors. Correctly handling the relationship between planning and market is one of the major issues.

(2) The relationship between planning and market is a central issue in a socialist economy. Since Marx forwarded the important concept calling for organizing production and the economic activities of the whole society according to plan, the issue of planning and market has aroused universal attention. The success of the October Revolution in 1917 and the birth of a socialist system placed this issue on the agenda, and made it more prominent and important. Lenin was the first to attempt to resolve the question of market regulation in a planned economy. Since the 1950's and 1960's, some socialist countries have carried out reform in many fields to correct the shortcomings in their respective economic structure, but with different degrees of success. Particularly in the last decade and more, our country has carried out a great deal of exploration in building an economic structure compatible with the development of a socialist planned commodity economy, and has made universally recognized achievements and encouraging progress. We can quite confidently say that we have successfully prepared ourselves, theoretically and practically, for the establishment of a new socialist economic structure, and that this new

socialist economic structure has begun to take shape in our country. However, today relations between some of the important economic sectors have not been brought into better balance, and the new economic structure has not been completely established. Successfully resolving the relationship between planning and market in a socialist economy requires further efforts in both theoretical and practical fields.

(3) Exploring a new economic structure integrating socialist planning and market in our country means taking a road that differs from the highly centralized planned economy of the former Soviet Union on the one hand and a laissez-faire market economic structure of the Western countries based on private ownership on the other hand. It means proceeding from China's reality, based on the requirements of a socialist economic system, and acting in light of the level of development of China's productivity at the current stage and China's outstanding cultural heritage to develop a new economic structure with Chinese characteristics which organically combines guidance by macroeconomic plan with market regulation. Obviously, the previous highly centralized planned economic structure which rejects the role of market forces is not conducive to economic development. We will reach a dead end if we stick to the previous structure, or try to use old approaches to resolve new problems in our economic life today. If China, a country which has a large population, a low income, and a well-developed socialist economy, copies the West's private ownership and market system, the inevitable result will be the polarization of society and aggravation of social contradictions. This runs counter to reform's socialist orientation and the fundamental interest of the broad masses of workers. In addition, abandoning necessary guidance from plan when the market is not well-developed and still flawed is bound to lead to a situation like that of the former Soviet Union and East Europe, and delay or even ruin our country's socialist modernization. Therefore, one-sided emphasis on either planning or market will not do. What we must strive to do is to use the strong points of the two as much as possible in regulating the economy so that they will complement each other and overcome their own shortcomings.

(4) The Seventh Plenary Session of the 13th CPC Central Committee and the 14th Session of the Seventh National People's Congress [NPC] comprehensively and systematically summed up the experiences gained and the lessons learnt from reform and opening up in the 1980's; outlined the 12 principles for building the road to socialism with Chinese characteristics; set the reform targets and tasks of "striving to initially establish a new economic system and an operating mechanism which combines a planned economy and market regulation, and are adapted to the development of a socialist planned commodity economy in 10 years"; and formulated a series of basic principles and policies for our country's future reform. Implementing these basic policies and fulfilling these reform tasks not only requires us

to further raise ideological consciousness and deepen understanding of the party's principles and policies, but to also continuously conduct serious and bold explorations in practice, and solve problems related to planning and market. If we can settle this issue properly, we will be able to accelerate the pace of establishing a new economic system and institutionally, be assured of realizing the second-step strategic goal at the end of this century and of achieving more grandiose goals in the next century. Also, only by settling this issue properly can we put the superiority of the socialist system into full play and can we effectively thwart the peaceful evolution designs of hostile forces.

(5) The Chinese Communists are now faced with the urgent historical task of establishing a new socialist economic system that integrates planning and market. It may be said that reform is a path that must be taken to perfect the socialist system; the life or death, success or failure of socialism depend on reform. The cause of socialism will suffer a setback or even end in an untimely demise if we fail to carry out reforms or if we are unable to stick to the correct direction and to select a correct path. Only by advancing along the path of socialism with Chinese characteristics and resolutely carrying out reforms, can there be full vitality and hope for our country's socialist cause. To carry out reform, we need both confidence and a sense of urgency. Over Eagerness for quick results will lead nowhere; however, it is not advisable to adopt a go-slow approach. Many pressing issues have cropped up during reform and construction. They include the lack of vitality in state-run large and medium enterprises, and their suffering from heavy losses; the difficulty in readjusting the industrial structure and product mix; stockpiling of unsaleable products; unmanageable debt defaults; and financial difficulties. There are other problems in the operation of the economy, including an overheated economy, and overlapping and unrestrained construction projects which are triggered by an economic upturn. The tight money policy adopted to cool the overheated economy and the measures taken to down scale capital construction projects caused a business downturn. This in turn triggered cyclical big upturns and downturns in the economy. Particularly worth noting is that no sooner had the task of economic retrenchment been accomplished than the bud of an overheated economy resurfaced. The problems cited above have generated many undesirable effects on the development of the national economy. If those problems remain unsolved, they will not only effect development in the 1990's, but will also weaken the guiding role of our country's state-owned economy. The fundamental solution of these problems will require achieving major progress and a breakthrough in the correct handling of the relationship between planning and market. We envisage erecting a basic framework for an organic integration of planning and market in about 10 years. There is a need for such an envision and we already have many favorable conditions for erecting such a framework. Our party has followed the policy of making economic construction as our central task,

adhered to the four cardinal principles, and persisted in the basic line of reform and opening up. The elaborations made by the CPC Central Committee on the theory of integrating a planned economy and market regulation has pointed to the basic direction for the correct solution of the relations between planning and market. The long accumulation of domestic and foreign experiences on handling the relations between planning and market, the precious experiences accumulated in our country's 10 years of reform and opening in particular, will help us avoid pitfalls in our future explorations.

II. Historical Experience

(6) In several decades of socialist construction, our country has summed up the following scientific experiences: correctly handle the relations between planning and market; organically integrate the two regulatory means of planning and market, avoiding their shortcomings and bringing their advantages into play; and ensure the sustained, stable, and coordinated development of the socialist economy.

(7) The Soviet Union was the first socialist country to put into practice a traditional, highly centralized planning system as a form of planned economy. Since then, the issue of correct handling of the relations between planning and market has become a basic problem for socialist countries in selecting an economic system and in carrying out reform. In the early 1920's, proceeding from the actual conditions of the then Soviet Union, Lenin practised the famous New Economic Policy, thereby changing the "direct transition" which was temporarily in vogue during the wartime communist period. By embracing the market and through flexible means, he sought to realize his planning. But after Lenin's death, because of the prevalent thinking which rejected a commodity economy and which advocated the management of the entire national economy like one large factory, a highly centralized planned economic system evolved out of this thinking and began to take shape. It should be said that this system played a major role at a time when the Soviet Union was struggling to build socialism against encirclement by imperialists. During the early stage of industrialization, this system enabled the rapid concentration of social resources to carry out massive key construction projects according to the objective requirements of economic development. It also helped lay a solid material basis for later economic and scientific development. This initially reflected the superior phase of regulatory planning. As we all know, in the 1930's the Soviet Union attracted world attention by its high economic growth, which was in sharp contrast to the Western countries' economies, languishing in serious crises and recession. But subsequently, the inherent shortcomings of a highly centralized planned economic system were gradually exposed.

(8) This kind of planned economic system also helped China score remarkable achievements. In the early days of the Republic, agriculture and handicrafts accounted for 90 percent of the national economy. The foundation

of modern industry was very weak. China was a century behind Western countries in terms of industrial development. China's economy was in a critical state because of the ravages of war; the imperialists' embargo, blockade, and threats of war; hyperinflation bequeathed by the Kuomintang; and rampant speculation, market confusion, and sharp contradictions in economic life. In the early 1950's, the central people's government exercised unified management over financial and economic work, and adopted many measures including the requisition of grain and procurement of surplus grain, timely flooding of commodities onto the market, and the encouragement of savings deposits. In three years, hyperinflation was brought under control, the market began to stabilize, and the national economy rapidly regained its soundness, thus setting a successful precedent in China of using macroeconomic means to carry out massive market intervention and guidance. During the First Five-Year Plan period, relying on a budding planning system, we concentrated the entire nation's financial and material resources and manpower on carrying out economic construction with emphasis on 156 Soviet-aided projects; this quickly helped lay the initial foundation for the industrialization of New China.

(9) At that time, we chose a highly centralized planned economy because of many subjective and objective conditions. Before the revolution, China was different from the developed capitalist countries in which Marx and Engels thought that socialism would triumph first. People were unaware what a socialist economic structure should be like in a country like China which was populous, economically very backward, had uneven development, and was once a semifeudal and semicolonial state. The only experience we could draw on was that of the Soviet Union which was the first to practice socialism and was the most experienced in that regard. We were in an international environment in which Western nations were imposing an economic embargo and blockade on us, constantly making military threats against us, and blocking the channel of our normal economic exchanges with the outside. Even if we wanted to open our country to the outside world completely, it was impossible to do so under those circumstances. At home, we had very little capital funds and materials for construction. If those resources were not concentrated and kept in the hands of the central authorities, it would have been very difficult for us to deal with matters of overall importance and urgent problems, and in particular, we would have been unable to build departments of industrialization.

(10) In retrospect, however, I think that the transition to socialism was indeed a little too fast. At that time, there was a dispute in the party over whether the transitional period should be longer or shorter. Comrade Mao Zedong's original tentative plan called for completing the socialist transformation of agriculture, the handicraft industry, and capitalist industry and commerce in 15 years, but it actually took a little over three years. The situation would have been much better if the transitional period was longer and various economic sectors were

given a proper development opportunity. This has been shown by the facts in last decade in which we have upheld an ownership structure embracing diverse economic sectors with public ownership as the main one, adopted multiple forms of economic operation, and thus brought about a brisk market and economic prosperity. In the past, the pace of the three major transformations [the socialist transformation of agriculture, the handicraft industry, and capitalist industry and commerce] was repeatedly accelerated. Moreover, after the First Five-Year Plan, there was a tendency of putting undue emphasis on "large size and high degree of public ownership" [the people's communes] and of completely disregarding market forces. The tendency soon caused commodity shortages, reduced commercial outlets, and withered service trades which had a bearing on the people's livelihood. As economic development progressed and the economic structure became more diversified, the highly centralized economic structure which played an important role in the mid-1950's became less and less capable of meeting the needs of the development of productive forces which were becoming more and more complex with each passing day. While the central government could directly manage several hundred large state-owned enterprises quite well during the First Five Year Plan period, it was impossible for the central government to apply the same methods in directly managing several hundred thousand enterprises later. The highly centralized planned economy choked the enthusiasm and initiative of the vast number of working people. In this situation, it was inevitable that more wrong policies were made and economic efficiency was lowered. The innate drawbacks of the planned economy were reflected in a concentrated way by a long period of high input, low output, slow technological progress, and serious shortage of goods. Besides, China's planning work was more than once affected by ideology and political movements for quick success, such as the "small adventurous advance" [xiao mao jin 1420 0379 6651] of 1956 and the "Great Leap Forward" of 1958. Particularly during the 10-year "Great Cultural Revolution," the commodity economy was considered to be capitalism and criticized, the order of planning work was upset, and the productive forces were seriously undermined.

(11) In view of the evident impedance of the traditional highly centralized and planned structure to economic development, the former Soviet Union and East European socialist countries have successively begun economic restructuring and whipped up several major upsurges of reform since the 1950's. They made progress in varying degrees in delegating authority to enterprises, relaxing or lifting price controls, and encouraging enterprises to participate in market competition. They also put forward many theoretical formulas on the integration of planning and market forces. Generally speaking, however, they have not yet found a correct or effective way to integrate planning and market forces. While they have not yet overcome their old economic difficulties,

they are being further upset by such new problems as serious commodity shortages, inflation, and increasing foreign debts.

(12) Regarding abuses present in the original planning structure, our party began to recognize them from around the time of the Eighth CPC National Congress. In his article "On the 10 Major Relationships" in 1956, Comrade Mao Zedong sharply criticized the over concentration of power in the planning structure. Soon after, he also mentioned attaching importance to research on the commodity economy and the law of value. After that, despite having carried out several adjustments to the economic structure aimed at firing the enthusiasm of all sides, we failed to make essential progress because of constant interference from the guiding ideology of the "left." After the Third Plenary Session of the 11th CPC Central Committee in 1978 and proposed by Comrade Deng Xiaoping, our party resumed the Marxist ideological line of proceeding from realities and seeking truth from facts in all undertakings to lead the people of the whole country into the era of building socialism with Chinese characteristics. In the field of theory, we have eliminated the idea that the commodity economy is opposed to socialism, determined that the socialist economy is a planned commodity economy based on public ownership, and proposed systematically integrating planning with market. In the course of reform and opening up during the past decade and more, changes attracting worldwide attention have taken place in the economy and social outlook of China. We have created the fine method of integrating planning with market in many fields, and many important experiences ought to be properly summed up. In rural areas, implementation of the dual-level management system — contracted responsibility system based mainly on households with remuneration linked to output and the combination of centralization with decentralization — has positively encouraged the development of rural enterprises. In urban areas, the autonomy of enterprises has been expanded, and the recognition that enterprises have relatively independent economic interests of their own has promoted various operation methods that fire the enthusiasm of enterprises and their workers. Furthermore, we have also delegated some power to the localities. More than half of the commodity prices are being regulated chiefly by the market through adjustment, decontrol, and integration. This has not only instilled unprecedented vitality in the consumer market, but also set up the markets for capital goods, labor, funds, and technology, which have developed in a different extent. Within a rather short period, great changes have occurred in the problem of the shortage of farm produce, as well as industrial and consumer goods, that haunted us for a long time. It is impossible to compare the flourishing market with that before reform. In fact it is hard to imagine at all. The people have further seen the hope of our country and the hope of socialism. One ought to say that it is impossible to separate the importance attached to exercising the role of the market

economy with the economic, political, and social stability of China today, in addition to that of upholding the planned economy since reform and opening up.

(13) Disparity in the development of regional markets is due to unbalanced economic development in the different regions of China. In turn, this has become an important factor aggravating the disequilibrium. For example, the enterprises in Suzhou, Wuxi, and Changzhou in Jiangsu and those in the Zhu Jiang delta in Guangdong rely primarily on the market to resolve the issues of raw material supplies, marketing, and fund raising, and their economies are very lively. In other economically developed regions, markets are also generally better developed. But in economically backward regions, on top of the weak economic foundation, and the lack capital and talent, one of the key factors is the absence of an environment that favors the development of a commodity economy. For a long time, the undeveloped regions of China have produced the raw materials while the developed areas have processed them. On top of that, the price of materials fixed by the state is too low, and this is unfavorable for the development of a commodity economy in the undeveloped regions. By means of reform, we will gradually help the undeveloped regions form an environment favorable for developing a commodity economy. The weak foundation can be strengthened, fund shortages can be resolved through loans and accumulation, and the quality of people can be improved through practice and training. Therefore, although the state must make the appropriate investments and step up the construction of the infrastructure in the undeveloped regions in order to help them close the gap with developed areas, the fundamental way out lies in straightening out the economic structure, depending on their own strength, capitalizing on local advantages to develop the commodity economy, and gradually letting the market play a bigger role.

(14) We cannot deny that there were also errors in economic work a number of years ago, and all kinds of problems have cropped up. In this regard, they should be specifically analyzed and we should not merely blame them on too much market or too much planning. Instead we should understand that the problems are related to backwardness in the management method of planning, and that macrocontrol no longer suits the economic situation which has undergone very great changes. They are also related to the underdeveloped market and the inability of the market mechanism to play a more effectively role. On top of the desire for quick results in the guiding ideology, the reason why these problems—economic overheating, wild fluctuation, inflation, serious disparity in basic ratios, unfair income and distribution, confusion during circulation in the dual-track system of prices, regional blockades, adverse changes to the enterprise structure by irrational relative prices, difficulties in redeploying the workforce, assets and inventory in accordance with requirement of production and management, lack of vitality in large and medium state enterprises, and particularly, their poor

capability to adapt to the market—have occurred, is that they are all related to ineffective macrocontrol and the underdeveloped market. Therefore, we must adopt the attitude of seeking truth from facts and analyzing in a scientific manner toward the problems that have emerged in reform and opening up, and should not simplify the conclusions. The fact of the matter is that whether it is to reform the planning structure and improve planning work, or to perfect the market structure and market mechanism—especially to systematically combine the two—there are many things that ought to be and can be done, but have yet to be carried out; the problem that one side has overdone things does not exist. In fact, the two are related. When we superficially think that there has been "too much market," the crux of the matter is that this has occurred during adjustment in imperfect planning. On the contrary, if we superficially feel that there has been "too much planning" that is exactly the result of imperfect market information during planning. Therefore, under the present conditions of two structures existing side by side, the problem of mutual compatibility and consideration between planning and market is present. We should seek a form of market that suits the particularities of China's planned management, as well as a planning method that is appropriate to the level of development in China's market. Simply copying the methods of other countries will not solve the problems. Since reform and opening up and based on the combination of planning and market, many good methods and successful experience have come into existence. For example, "the food basket project," "protecting food baskets with vegetable farms," and "using the price of prevalent vegetables to restrain those of expensive ones" are very good methods. Without incentive, adjustment is empty talk. On the one hand, we have opened the market to fire the enthusiasm of peasants, and on the other, the government departments have actively supported and guided production and organized circulation. This has enabled vast amounts of vegetables and meat products to unceasingly flow to the cities. On top of this, state-run commerce has a certain capability to stabilize supply and restrain market prices, bringing about a situation of adequate resources, complete varieties, stable prices, and the satisfaction of the people. We should make serious efforts to study these fine methods of integrating planning with market that conform with the conditions in China, and explore some methods that will truly and systematically combine the two. These methods will also help us establish confidence: As long as our direction is clear and we do a solid job, planning and market not only should but can be completely integrated and unified in a systematic manner.

(15) While studying the reform of the economic structure of socialist countries, it is also necessary to study the changes in the economic structure of Western countries. Following the first great economic crisis of Western countries in the early 1930's, and especially after World War II, Keynesian economics became popular. Keynesianism holds that the "laissez-faire" market economy of

minimal government interference practiced by capitalist countries in their early stages cannot fully utilize resources and develop the economy in a stable manner. It calls for strengthening government intervention in economic activities in order to overcome the imperfection of the market mechanism. Influenced by Keynesianism, Western countries mostly strengthened government macro control of economic activities. France, Japan, and other countries formulated and carried out "guidance planning" and related industrial policies, which were considered one of the important reasons for the relatively fast economic development following World War II. Although in recent years there has been a recurrence of economic liberalism and the tendency to over stress the role of the market in some Western countries, it would be impossible to return to the period of "free competition" in which the government basically refrains from interfering in economic activities. Recently, the Bush administration reduced the discount rate to 3.5 percent to stimulate economic recovery. This was precisely proof of government intervention in economic activities. An absolute free market is now fundamentally nonexistent. Of course, Western countries' intervention in economic activities through certain plans and measures is carried out based on a social and economic system that is totally different from ours. However, some of their specific methods for intervention in economic activities can be used by us for reference.

(16) The historical experiences of various countries in different periods have provided beneficial enlightenment for us in correctly handling relations between planning and market adjustment. First, although socialist countries made significant achievements by practicing a system of highly centralized planning in the past, and capitalist countries enjoyed a period of "free competition" with minimal government intervention in economic activities, now, neither solely relying on planning nor purely relying on market adjustment suits the needs of socialized large-scale production. In other words, the organic integration of planning and the role of market as a means to adjust the economy has become an objective necessity for developing productive forces in modern society. Second, the integration of planning and market by socialist countries must not be limited to mending the original planning system here and there, but must vigorously develop the socialist market economy and let the market mechanism play a greater role. Meanwhile, we should reform the original planning system, and make planning and market adjustment complementary to each other and help each other. Third, planning and market adjustment should and can be properly integrated. Practice has proven that economic development has vitality and is quite stable and coordinated in places where the integration of planning and market adjustment is good or relatively good, and that many problems and contradictions in economic activities cannot be solved if we do not pay attention to, or even obstruct the organic integration of planning and

market adjustment; rely excessively on planning, especially mandatory planning; reject the role of the market mechanism; or if we overlook the macro control of planning or rely solely on market adjustment. Finally, planning and market adjustment can be integrated at a lower level, such as a the combination of an unsound market and ineffective plans; they can also be integrated at a higher level, such as a combination of a sound and flexible market, and scientific and effective planning. What we should strive for is certainly the latter.

III. Theoretical Thinking

(17) While we have constantly made explorations in practice since the start of reform, our theorists have conducted thorough discussion on the question concerning the relationship between planning and market forces, made a great deal of progress in the discussion, and thus theoretically prepared us for making further efforts to resolve the question. However, it is still necessary for us to make further explorations into the questions of some basic theories to enhance our understanding of them.

(18) We must have a correct understanding of the roles of planning and market forces in the socialist planned commodity economy. By planned economy, we mean planned commodity economy. This point was clarified in the CPC Central Committee's "decision on restructuring the economy" as early as October 1984. The planned nature of the economy meets the inevitable demand of the socialist economic system. To uphold the socialist public ownership as the main form of ownership means that the means of production should be shared among the broad masses of working people. On the one hand, the planned nature has created the conditions for developing the economy and making a rational distribution of resources in a planned and proportionate way. On the other hand, it also calls for ensuring and readjusting, through planning, the distribution of workers' income, as well as the relationship of cooperation on an equal footing among them when working as a group. For this reason, retaining the planned nature of the economy during economic restructuring is a basic requirement of socialist public ownership. In a planned commodity economy, the market force is an innate thing, not an external addition. Our country is still in the initial stage of socialism, our productive forces are still underdeveloped, the division of labor is becoming more and more complex and detailed in our society, workers and working collectives still have independent economic interests, and working remains the people's means of life. So, in the present stage we must adhere to the principle of to each according to his work and the results of people's work must still be achieved through the exchange of commodities at equal value. Under socialist conditions, the commodity-money relationship exists widely and the socialist economy remains a commodity economy. Since it is a commodity economy, it should be subject to market regulation. For this reason, both planning and market forces are innate things of the socialist economy and the two are integrated and indivisible, and

neither can be abandoned according to man's subjective will. Of course, the socialist planned commodity economy is different in nature from the capitalist market economy. It is because they are founded on two essentially different ownership systems. While the former is founded on public ownership, the latter is founded on private ownership. However, the difference in economic nature does not mean entirely different means of economic regulation. Although they are founded on different ownership systems, both are socialized large-scale production and commodity economy, and they should follow both the general laws of the commodity economy and their own special laws. Comrade Jiang Zemin pointed out in his "speech at the meeting marking the 70th anniversary of the CPC's founding": "As a means to regulate the economy, planning and market forces are objective needs for the development of the commodity economy based on large-scale socialized production. Although we may use both of them to a certain degree, they are not symbols of the difference between a socialist economy and a capitalist economy." Comrade Deng Xiaoping said on 24 December 1990: It is necessary to understand theoretically that the difference between capitalism and socialism does not lie in such contents as planning and the market. There is market regulation in socialism, and planned control in capitalism. Do not think that pursuing somewhat of a market economy means taking the capitalist road; it is nothing like that. We must have both planned economy and market regulation. Refraining from pursuing the market means a willingness to fall behind, for it will end in ignorance in world information. [end of Deng quote] In other words, both planning and market forces, as regulatory means, are decided by the needs of the development of productive forces. Some people believe in only market forces, while others still trust only the traditional planning system. As they view things from a different angle, they consider it impossible to integrate planning and market forces, believing that any forced integration can only be the integration of the weaknesses of the two. Their views are theoretically unfounded, contradictory to the practical experiences of both foreign countries and China. To make a rational resource distribution or to improve China's socialist economic system, neither planning nor market forces are dispensable. We must clearly understand that there is an inner organic unity between planning and market forces in a socialist planned commodity economy. Only with such a basic understanding can we correctly handle the relationship between the two.

(19) Planning and market are inseparably interrelated in their operations due to the inherent unity between the two. The socialist market that we advocate is a market that is established on the basis of public ownership and is subject to macroeconomic regulation by state planning. It is not like the Western free market which is based on private ownership. The socialist planning that we advocate is different from the former planning which excludes the commodity economy and the regulatory role played by the market under a highly centralized

system. Unlike the conventional planning method by which the government runs enterprises directly, distributes manpower as well as financial and material resources, and manages production, supply, and sales, it is a macroeconomic regulation system with indirect management playing the dominant role which fully respects the law of value as well as the law of supply and demand; and that pays close attention to bringing the role of the market into play. Socialist planning is planning that is based on the market; and the socialist market is a market that is guided by planning. Of course, it is still necessary for some industries that have a bearing on the national economy and the people's livelihood to be under direct management by the government during the initial stage of socialism at present. Such a necessity constitutes an aspect of macroeconomic regulation. However unlike back in the 1950's, this kind of direct management which is necessary in, but a small percentage of all the sectors of the national economy must be integrated with utilization of the market mechanism. The drawing up of a national economic plan must reflect the market demand. Only when market demand information is collected extensively and only when the changes in market demand are predicted scientifically can we draw up a scientific and reasonable plan. Meanwhile, in carrying out the plan, we must adopt the method with indirect management playing the dominant role and comprehensively employ the economic, administrative, and legal means to guide the activities of enterprises and the market. Past experience indicates that our planning will meet with failure if we exclude the role of the market, and that only when we recognize the basic role played by the market in regulation can we bring the role of planning into play more effectively. Of course, from the scope of the substance of the regulation to the methods for planning implementation, important differences exist between the planning that we advocate and the planning through so-called government intervention implemented by capitalist countries. The uniformity of fundamental interests in society that takes shape on the basis of public ownership in a socialist country determines that it can conscientiously implement objective economic laws, including the law of development in a planned way and in proportion, and the law of value; and, thereby, can bring the role of planning into play more effectively. For example, drawing up and implementing medium- and long-term plans for economic and social development, and taking advantage of the favorable conditions existing in the planned economy to concentrate funds on the construction of large projects and infrastructure projects which have an important bearing on the national economy, and which are not easy for us to carry out by merely relying on market regulation; implementing an industrial policy to vigorously expedite readjustment and optimization of the production structure; using the national strength to support the development of key industries by giving them priority; promote the development of basic science research and the most advanced branches of science, and organize coordinated efforts to tackle the major scientific research projects; employing various means to rationally adjust

the relationship of distribution of income between different strata and between different regions, and to help poor, backward areas, and areas inhabited by minority nationalities achieve economic development and prosperity; and so forth, are jobs that capitalist countries' planning, which is established on the basis of private ownership, cannot accomplish and cannot do well.

(20) Integration between planning and the market should be established on the basis of a rational division of labor between the two. This kind of division of labor does not mean the one will exclude or supersede the other. Instead, it means that two different regulatory mechanisms give play to their roles at their respective levels. Generally speaking, planning is mainly designed to solve the problems of distribution of important resources and readjustment of the relationship of important social interests through macroeconomic regulation in respect of total supply and demand as well as structure; and the market will give play to its role mainly in daily production, management, and distribution of related resources in the microeconomic sphere. As regulatory mechanisms that give play to their roles in different spheres, planning and the market should have their respective peculiar and complete functions of regulation. Viewed from this angle, the integration between planning and the market should be an integration between two different whole systems and not between two different parts of the two whole systems. It should be an integration between a perfect market system and a perfect planning system. The better the market system, the more effective will be the role played by planning in regulation; conversely, if the market system is imperfect, planning will face proportionately great difficulties in exercising regulation. Likewise, the better the regulation exercised by planning, the more conducive conditions there will be for us to provide the market with guidance for sound development; to give full play to the superiority of the market in regulation; and to overcome its inadequacies.

(21) Some comrades unduly emphasize examining problems from the angle of planning. They believe that certain chaotic phenomena that have cropped up in our economic life in recent years have something to do with stressing the role of the market and that it is necessary to strengthen the role played by mandatory plans once again if we want to surmount the present economic difficulties. It seems that we must further deepen our understanding of the party's basic viewpoint on developing the socialist commodity economy, acquire a correct understanding of the positive role played by market regulation since implementation of reform, and conduct a scientific analysis of the causes that lead to the cropping up of problems in the course of reform. In the past, we took note of the fundamental shortcomings of the market economy which is based on private ownership. It is completely correct. However, we did not have an adequate understanding of the important aspect of the regulatory role that the market may play in promoting the development of the socialist economy. The important role that the market can play in the planned commodity economy lies in its capability to arouse the

initiative and creative spirit of enterprises and individuals directly engaged in economic activities by combining rights with responsibilities and interests with risks; and to provide information on price fluctuations and signals of market demand which are conducive to guiding a rational distribution of such production factors as means of production, funds, labor force, and technology. Here, arousing the initiative of the people is in keeping with promoting a rational distribution of resources because it is people who distribute resources and only when the initiative of people is aroused can they use the most economical method in distributing various resources. It is a theoretical issue and the biggest issue of immediate interests confronting us. For instance, both the output and the range of industrial consumer goods and agricultural and sideline products have greatly increased since the implementation of reform. The emergence of such a situation is inseparable from the attention we paid to bringing the role of market regulation into play in recent years. However, meanwhile, the increase in the amount of inventory and the overstocking of products in the course of our recent efforts to improve the economic environment and rectify the economic order have a great deal to do with slow response to the changes in market demand on the part of enterprises, and their incompetence in adapting themselves to the market. Only when enterprises are given the decisionmaking power on production and management plus appropriate material benefits, and only when they are put under the pressure of market competition can they be prompted to flexibly decide on what commodities to produce and in what quantity to produce according to the information on market demand reflected by the changes in price relations; make arrangements for the labor force and means of production on the basis of production needs and cost reduction requirements; ensure that supply meets the demand swiftly; and continuously increase their economic returns. This is the process through which the market mechanism can promote a rational distribution of resources. It would be very hard for us to make proper arrangements for such a large amount of complicated, constantly changing production and management activities in which enterprises are engaged every day if we merely rely on planning without access to the correct market information timely reflected. It is hard for planning to replace these functions of the market. Even if planning manages with an effort to replace these functions, the results would not be satisfactory. At present, failure to effectively solve some problems existing in economic life has a great deal to do with the comparatively low level of development of the market in our country, and our inability to give full play to the regulatory role of the market. For instance, an important function of the market is to eliminate inferior enterprises and let superior ones win. Whenever a change takes place in the market, enterprises must make a prompt response. Slow response or no response at all may lead to losses or even bankruptcy. Only with the aid of such strict market discipline plus the macroeconomic guidance provided by state planning can the product mix, production structure, and organizational structure

of enterprises tend to be continuously rationalized amid changes. At present, a number of enterprises and, in particular, some state-run enterprises are still irresponsible to the signals from the market and their products cannot meet the changes in market demand. As a result, they are encumbered with more and more overstocking of products. Enterprises which are poorly run cannot be merged or declare bankruptcy. The economic improvement and rectification campaign in recent years has succeeded in keeping inflation in check, but our efforts to readjust the production structure have produced little results. It seems that if we want to really address the problem, we must strive to solve it by mainly strengthening the regulatory role of the market in addition to adopting necessary administrative means. There are some comrades who worry that laying emphasis on giving play to the role of the market mechanism will undermine socialist public ownership. On the contrary, it is precisely for the purpose of invigorating the public-owned economy that we call for giving play to the role of the market mechanism and making best use of its strong points. Under the present situation in which diverse economic sectors coexist, if we continue to be constrained by the former method of managing state-run enterprises, we will further hamper the initiative of the large and medium enterprises run by the state, make them lose their dominant position in the competition against other enterprises not run by the state, and make it hard for them to consolidate the leading position of the state-owned economy. Therefore, correctly and effectively giving play to the role of the market mechanism is precisely a pressing requirement for us to adapt ourselves to the public-owned economy, consolidate it, and improve it.

(22) Guided by the policy of opening to the outside world, our country has greatly enhanced economic ties and cooperation with other countries. In the last decade or so, China has achieved remarkable results in the areas of developing foreign trade, using foreign capital, importing technologies, fully utilizing domestic and foreign resources, developing domestic and foreign markets, and in enhancing economic and technological strengths. To realize socialist modernizations, we should, on the premise of adhering to the principle of self-reliance, take good advantage of foreign experiences. We should sum up those experiences and persist in expanding the scope of opening to the outside world. International trade and finance are built upon market mechanisms. To fully explore international market and utilize international resources, we need a flexible economic policy and an economic operation method which are adapted to international market mechanisms. We should help enterprises to organically and rationally link domestic and international operation activities in order to better put into play our country's potentials in international economic activities and accelerate our country's economic development.

(23) Mass viewpoint is related to the issue of giving play to the role of market. The mass line, as our party's magic

weapon, had been instrumental in defeating our enemies. The reason that we were able to remove the three big mountains [imperialism, feudalism, and bureaucrat-capitalism, which weighed like three mountains on the backs of the Chinese people before Liberation] in wartime was because we genuinely believed in and relied on the masses and gave full play to their innovative spirit. In the new situation of reform and opening, we should not only continuously and unwaveringly implement party's mass line but also strive to bring new development to it. Socialist modernization is a great cause of the people. If we are unable to mobilize the enthusiasm of the masses for construction, then it will not be possible to see the final defeat of capitalism by socialism. Practice has shown that the traditional way of disregarding the material benefits of the masses, of not giving enough operation autonomy to enterprises, and of not recognizing the regulatory role of market dampened the masses' enthusiasm for production and weakened enterprises' vitality; hence it runs contrary to party's mass line. Letting market play its role in socialist construction means letting cadres and the masses involved in direct production activities to use all available economic information to assume responsibility and to take risks; it effectively mobilizes their initiative and creativeness for production; and it hands the economic decisionmaking power from a small number of leading cadres to the masses. Cadres and the masses, as the coworkers who jointly own the means of production and jointly take part in making economic decision, represent a new type of joint labor relationship which is different from the private-ownership system. Therefore, stressing and bringing the role of market mechanism into play is tantamount to giving substance to the party's mass line in the economic work in the new period.

(24) Of course, socialist market differs greatly from that of the capitalist in the areas of ownership system, market behavior, and in the results of market regulation. The decision which was adopted at the Third Plenary Session of the 12th CPC Central Committee pointed out the different ownership system between the socialist market economy and the capitalist market economy. Because of a difference in ownership system, the position of our country's working people in production and their entire social relationship are fundamentally different from the employer-employee labor relationship under capitalism; what follows then is a vast difference in the social results of market regulation. In socialist market, individual economy and private economy will exist along with Sino-foreign joint ventures, cooperative enterprises, and wholly foreign-owned enterprises for a long time; and the state helps their proper development. This is a major state policy. The existence of several ownership systems and giving a full play to market mechanism is bound to give rise to widening of the gap in income distribution. However, the income gap must not be allowed to widen too much; the people will not accept it. Under the socialist conditions, the problem will not be as acute as under the capitalist conditions. It is entirely possible for the state to ensure a fair income distribution and a

common prosperity through working out effective guiding plans and devising various policies and means.

(25) Some people in foreign countries hold that it is impossible to avoid eating from the big pot and low efficiency while upholding the public ownership system and common prosperity. Indeed it is difficult to avoid these problems if constrained by a highly centralized planning system. However, the purpose of our reform is to get rid of the original system, smash the big pot, and remove the iron rice bowl. Socialism does not mean eating from the big pot, and distribution according to labor is against egalitarianism. If we vigorously develop the socialist commodity economy and give full play to the role of market mechanism under the guidance of planning, we will be able to achieve high efficiency while upholding the public ownership system and common prosperity. Of course, it is necessary for us to seriously study and explore an effective way to allow the public ownership system integrate with common prosperity instead of opposing each other, and to allow some people and some regions become well-off first in order to eventually achieve common prosperity by getting those who have become well-off help those who have not. In recent years, the economies of some inland provinces, particularly the minority areas, have developed very well, but the gap with the coastal regions has widened. It is imperative to pay great attention to this issue and make serious efforts to effectively resolve it.

(26) At the moment, the level of development in China's market is still very low. There is an urgent need to let the market play a bigger role in order to resolve many of the in-depth contradictions that have emerged during reform and development. In addition, in the light of constantly opening wider to the outside world, it is possible to meet the requirement of fierce competition in the international market only by working hard and operating according to the current regulations of modern commodity economy. Therefore, for quite a long period at present and in future, while perfecting the planning management system, we should pay attention to cultivating a socialist market structure, and, in due course, study and understand the law of commodity economy to seek the best method for integrating planning with market. Only by persisting in this, will it be possible to exert the superiority of socialism to the fullest, accomplish productivity which is greater than possible under capitalism, and truly facilitate the defense and strengthening of socialism.

(27) It is worth emphasizing that in a big socialist country like ours, with a long history, a unique culture and tradition, a large population, and in the process of developing, we are bound to encounter many unique situations that are quite different or totally different from other countries while realizing the integration of planning with market. We should make serious efforts to seek the method of integrating planning with market that conforms with the realities in China and has Chinese characteristics, and demonstrate more creativity in this regard. For example, China is a country with a vast

territory and a large population. On the premise of the central government's ability to effectively regulate the relations of basic macroeconomic ratios, we should appropriately delegate some economic regulating power to the local governments, mainly those at provincial level, to let them play a positive role in economic development in their areas. This is different from some of the medium and small countries where economic regulating power is wielded almost totally by the central government. It is necessary to point out that the economic management function of local governments is mainly to perfect the development environment in their localities, to serve the enterprises and promote their development, and not to interfere directly in the operation of enterprises. At the moment, some local governments are still interfering too much in the enterprises, and this problem should be gradually resolved. Of course, we must take a further step to probe the way how the central and local governments should divide their responsibility in economic regulation, and on what are the things that the center and localities should control in accordance with the inherent requirements for large-scale production and a commodity economy, as well as the conditions in China. Moreover, economic development in the different regions of China is very uneven, and the method for integrating planning with market is bound to be varied. In economically backward regions, the government must play a bigger role in the construction of large projects, particularly in areas like building infrastructure and market development. In economically developed regions, because the level of development in the market system is higher, it is possible to rely more on market mechanism for the distribution of resources under the guidance of state planning. Furthermore, the Chinese people have virtues such as diligence, thrift, and collectivism. Our party has the tradition of setting store by ideological and political work, and has created methods like the "two participations, one reform, and three-way combination [cadre participation in productive labor and worker participation in management; reform of irrational and outmoded rules and regulations; and close cooperation among workers, cadres, and technicians], which still appears to be good. The new experience of "business culture" for building socialism has also appeared in reform. We should and could create socialist business management models that are different from Western culture and that are more efficient.

(28) The relationship between planning and market forces is essentially one of unity of opposites, and their integration is a unity of opposites. To correctly handle the relationship between planning and market forces, we must emancipate our minds and widen our vision. We must also advocate doing more thinking and exploration and using more theory of materialism, more dialectics, and less idealism and metaphysics. Our country is so big and its situation is so complex. We have difficulties, but we also have great opportunities. Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics has a great deal of contents. It is crucial for us to take Marxism as our guidance in studying theories,

history, and the reality, and thoroughly understand the three by applying the method of "exchange, comparison, and repetition" summarized by Comrade Chen Yun. We should do our work with a high degree of sense of responsibility, as well as initiative, and creativity. In so doing, we will certainly be able to find out a way to organically integrate planning and market forces, a way with Chinese characteristics.

IV. Practice and Exploration

(29) In correctly handling the relationship between planning and market forces today, the question to solve is how to integrate the two in an even better way since they must be integrated, not whether we should and can integrate them or not. After many years of exploration, people have had a series of common understandings of how to integrate planning and market forces. Generally speaking, planning should play a role mainly in setting economic development objectives; exercising overall economic control; coordinating major economic ratios; building important infrastructural and other projects; tackling important scientific and technological problems; developing science, education, culture, and public health; protecting ecology and environment; and ensuring social justice. Market forces should play a role mainly in regulating the day-to-day operations of enterprises which operate independently, including their development plan, decisions on products, purchase of raw and processed materials and equipment, product pricing and marketing, capital fund raising, hiring of workers, investment in expansion projects, and readjustment of stock. Market forces and enterprises should play a greater role in resource distribution under the guidance of planning. Attention should be paid to prevent the government from exercising too much direct management and improper control and thus restricting the positive role of market forces and enterprises. With the furthering of economic restructuring, the improvement of economic structure, and the development of market, we should take further steps to properly reduce the scope of mandatory plans, properly enlarge the scope of guidance plans, and give a greater play to the role of market regulation. In making plans and providing guidance, we must conscientiously follow the law of value and consider the situation of market supply and demand. Regulation by the market forces must be subject to the restriction of overall state plans, as well as laws and regulations.

(30) I should say that the above principles are correct. Now the question is how to implement these principles. Specifically speaking, we should do a good job in three respects—deepening the reform of enterprise operational mechanisms, perfecting the socialist market system, and establishing a macroeconomic control system which suits the socialist commodity economy.

(31) First, we should continue to deepen the reform of enterprise operational mechanisms. Enterprises are the main body of the market. If enterprises lack vitality, the

market forces will not work. At present, the most conspicuous contradiction in our economic life is the lack of sufficient vitality in large and medium state-owned enterprises. Since large and medium state-owned enterprises lack sufficient vitality, it is difficult to place the national economy as a whole on a track of virtuous circle. In economic restructuring, the most urgent and most arduous task is to improve large and medium state-owned enterprises through deepening the reform. In enterprise reform, we have already put forward the objective of making enterprises the commodity producers and dealers which operate independently, assume sole responsibility for their own profits and losses, develop themselves, and exercise self-restraint. The question is how to make enterprises of socialist public ownership conform to this objective with respect to their organizational structure and way of operation. In view of the excessive control over enterprises under the traditional system, we at first wanted to enhance the vigor of enterprises through giving them more authority and letting them keep more profits. So, we have successively adopted such reformative measures as giving enterprises more decisionmaking power, letting enterprises retain more profits, changing profit delivery to tax payment in two steps, and implementing contract system. These measures yielded good effects during various periods, but they also showed some problems and restrictions. On the one hand, some enterprises have not been actually given greater decisionmaking power. On the other hand, some enterprises, after obtaining greater power, have engaged in irrational behaviors due to lack of restrictive mechanisms. It seems that enterprise reform is not merely a question of letting enterprises have more power and keep more profits. The key to the reform is changing the operational mechanisms of enterprises. To make the change, we must take a further step to straighten out the government-enterprise relationship, as well as the internal relations of enterprises in management, organization, and distribution in accordance with the principle of enterprises assuming sole responsibility for their profits and losses. The present management system and organization apparently cannot fully meet the requirement of a planned socialist commodity economy. To achieve actual progress in the reform of enterprises based on the present situation, we must make up our mind to thoroughly solve a series of problems—which should be solved but have not been solved for many years—concerning the economic structure. First, we should establish a management system for state assets to suit the need of modern commodity economy. To make enterprises truly accountable financially, it is necessary to draw a clear line of demarcation between state assets administered by individual enterprises and state assets as a whole. Enterprises will exercise operational rights of state assets assigned to them and assume due economic and legal responsibility. In this regard, we have clearly defined government's role in managing macroeconomy and state assets and the principle of appropriately separating the right of operation of state assets from the right of ownership of state assets. Some comrades have put forward various tentative plans for implementing a

system which requires payment of tax plus a percentage of profits to the state, perfecting enterprises' contract responsibility system, exercising the function of managing properties by state assets administrative departments and other state assets managing organizations, and establishing joint stock enterprises. Some places have already started to implement those tentative plans at selected units. Those plans have advanced new ideas different from the past management methods for state assets. While guaranteeing the public ownership of properties, we should allow and encourage various kinds of experiments and comparisons in managing state assets to gradually find an efficient way to manage state assets. Here, it is necessary to stress that in implementing a new thing we must first try it at selected points and gradually expand the implementation after gaining experience. Moreover, in conducting tests at selected points, we must not rush headlong into mass action without good order; otherwise, it means all-round tests and cannot achieve the goal of testing at selected points. In judging the performance of management and operation of state assets, we should mainly see whether the administrators and operators of state assets can insure the safety and protect the value of state assets respectively. In the long run, the system of joint stock company on the basis of public ownership may satisfy this demand. The joint stock system is an economic form which can suit the needs of socialized large-scale production. A joint stock company is an enterprise set up and operated by different investors, and is a form which can better solve the problem of separating the right of ownership and the right of operation. Both private and state enterprises may utilize this form to a different extent and degree. In fact, our country's state properties are being administered to varying degree by different organizations, including the central authorities; various provinces, municipalities, and autonomous regions; various counties; and various departments and enterprises. This situation has created initial conditions for developing joint stock enterprises on the basis of public ownership. To us, the development of joint stock enterprises on the basis of public ownership is a new work. We must proceed in an active and prudent manner, and constantly sum up experiences to gradually improve the work. Of course, joint stock system is only one of the many forms of operation and organization of state enterprises, and we are not saying that all kinds of enterprises should implement joint stock system. In view of the fact that a large proportion of enterprises are owned by the state in our country and the situation is different in various types of enterprises, we must try various forms and explore various things. Based on the characteristics of different trades and different scales of operation, enterprises of different types may select different forms of operation, including contract responsibility system, joint stock system, and leasing operation system. However, we must properly improve the management methods for state properties and clearly understand the financial position between the state and enterprises. Second, we should actively create an environment of relative equality for competition among various types of enterprises.

Recently, we repeatedly stressed that enterprises should be encouraged to compete in the market, and one of the important conditions we laid down is that there should be generally an environment of equal competition for enterprises. At present, state-run enterprises, village and town enterprises, and the "three types of partly or wholly foreign-owned" enterprises have not been equally equipped for such competition, and such unevenness exists even among state-run enterprises themselves. This condition of inequality is rather complicated: some enterprises enjoy preferential treatment in certain aspects, while others enjoy advantages in others. The condition mainly manifests itself in our systems and policy treatment. Generally speaking, large- and medium-sized state-run enterprises, which have yet to fully enjoy the rights for self-determination in management, carry a relatively heavy burden and thus are at a disadvantage when competing with other enterprises. In an environment where unequal competitions exist, the economic performance of enterprises more often than not will not accurately reflect the extent of hard work they put in. Therefore, such environment does not aid our efforts to arouse the enthusiasm of enterprises to "turn their eyes inward." It only encourages them to "look upwards" and ask the government for preferential policies. Inequality in competition is brought about by rather complicated factors. It is difficult for us to eliminate some of these factors in the short term, but there are still quite a number of improvements we can make, but have not, to promote an environment of equal competition. From the long term perspective, it is essential to define efforts to create an environment of generally equal competition for all types of enterprises as our long-term, important objective. Existing policies which go against this objective should gradually be adjusted, and newly adopted policies should conform to it as much as possible. Third, we should gradually construct and improve the operational mechanisms of enterprises, and through the internal reform of enterprises and improvement of external environment, create inside the enterprises an effective driving force which excites, creates, amasses, and restricts mechanisms, so that enterprises will become truly independent producers and managers of commodities. Recently, a number of enterprises conducted bold internal reforms in such aspects as distribution, labor employment, and organizational management, and made new breakthroughs in the reform of their internal management, which we had not been able to effectively carry out in the past few years. We should summarize and promote well these experiences, and by combining such efforts with efforts to implement the "Enterprise Law," achieve the transformation of the operational mechanisms of enterprises step by step. At the same time, we should also lay stress on gradual efforts to change the situation whereby "enterprises run the society." Right now, our enterprises are taxed with heavy burdens, and a very important reason is that in the process of "running the society," these enterprises are burdened with a lot of functions which should have been taken up by the government and society in the first place. Because of that, enterprises are unable to focus their

energy on production and operation and are unable to retain what is good for them and eliminate what is not to attain a rational restructuring of assets quantity and labor forces. In cases where there are too many capital construction projects, localities channel funds for technological upgrading into enterprises' welfare facilities, and to some extent, this has to do with "enterprises running the society." What is worrisome is that at present, many newly established, large enterprises still follow the path of "enterprises running the society," and this will no doubt pose new problems to future reform and development efforts. We already have a law on enterprise bankruptcy. However, its implementation is difficult. The key to the solution to this problem is to build a set of social security and material benefits distribution system tailored to meet the operational demand of the socialist commodity economy. Many factors contributed to the creation of the phenomenon of "enterprises running the society," and in particular, they are related to the method previously employed by us to distribute material benefits. The phenomenon has no doubt made the life of workers and staff members convenient, but on the whole, it brings more problems than benefits. We have talked about reforms in this aspect for many years, but not much progress has been made. From now on, we must set our mind on making breakthroughs and seek to solve the issue gradually. We should bear clearly in our mind that the task of finding a solution to the "enterprises-running-the-society" issue is a gigantic one, that it definitely cannot be completed easily in the short while, and that we should be mentally prepared to make unremitting efforts for a long time. Issues such as these have a direct bearing on the interests of workers and staff members. We should therefore not only persevere in our reform, we should also make sure that we act with caution and effectively handle the relations between reform, development, and stability.

(32) We have yet to effectively solve the issue of reforming the leadership system in enterprises. For example, although we have already decided on the principles of more effectively enhancing the function of the core leadership of party organizations in enterprises; more effectively implementing the responsibility system of factory directors; and more effectively enhancing the function of the great masses of workers, staff members, and people as the master, we have still to further study and make improvement on their specific organizational form. And in yet another example, we have discussed for many years the issue of how to change such conditions as conducting things on a scale that is not economically viable and such conditions as "big and complete" and "small but complete" by restructuring enterprises' organizational forms when we make efforts which involve joint enterprise reorganization and the development of enterprise groups. Yet, we have not fully settled the issue, and we must earnestly study and solve it. To reform enterprises, we must form an ideology capable of giving an overall solution to all types of questions in the new economic system. If we think that the method of single-item reform we employed in the initial stage of

reform was rather successful, then we must consider using the method in its entirety when we solve some profound issues. The few difficult issues which we have discussed above are closely related to each other and in a sense, they can be regarded as different aspects of a big issue.

(33) Another important aspect concerning the deepening of the reform of the economic system is the further improvement of the socialist market system. The market system has registered a certain degree of development since the implementation of the reform policy. However, we are still plagued by such issues as uneven development of markets in different regions and for different industries, chaotic market order, and regional blockade. On the whole, the development of our country's market system is still insufficient. More often than not, problems in market regulation resulted not from too much market development, but from too little. The two-tier price system was plagued with relatively more problems and received more attention than others in recent years. As a transitional method for price reform, the two-tier system once played an active role in the initial stage, but it had also abetted such phenomena as bureaucracy, unfair distribution, abuse of power for personnel gains, corruption, and degeneration. In the end, in fact, it obstructed the deepening of reform. Price reform is the factor that determines the success or failure of the whole economic reform efforts. We have made many attempts to pass the test of price reform. Failure to solve this issue will produce a whole range of unfavorable effects on economic development. Can we contemplate to basically solve this problem in 10 years' time, or lesser? We should say that there is such a possibility. Price readjustment on quite a number of important commodities, and in particular major readjustment of selling prices for grain and edible oil, in the past year has not brought about great market fluctuations; this points to a bright future for price reform. The basic method for price reform is still a combination of deregulation and regulation. A certain degree of price regulation is necessary, but since there are great limitations to that, what we should focus on doing is to manage well the mechanism of price formation. Whether we can achieve that, and whether we can form the prices of the majority of products and services through the market mechanism, will tell us if we have passed the test of price reform. We should make timely readjustment on the prices of products and services, which are not big in number and which should indeed be put under direct state control, according to the law of value and the relations between supply and demand. Liberalizing price is not equivalent to the completion of market development. While reforming the price system, we should actively develop various new kinds of circulation forms and organizations which can promote the smooth and stable exchange and circulation of products. For instance, in major producing and marketing areas for agricultural and sideline products and means of production, we should establish trade centers for spot transactions and forward business, encourage and develop joint operation, joint procurement and joint

marketing, and promote various types of lateral ties in production, supply and marketing. As to those important items produced under state mandatory plan, we can promote procurement and marketing methods, such as state ordering of products, state coordinating production and demand, fixing quantity without fixing price, and guaranteed forward contract. We realize that the market also has its shortcomings, which are more conspicuous in less developed markets. The development of circulation organizations and methods to facilitate stable transactions is an effective way to overcome or reduce shortcomings of the market. The development of commodity market should be coordinated with the development and expansion of other markets. In combination with the reform of the management and operation of state assets, financial system, labor and personnel system, social protection system and housing system, we should expand and improve the short-term money market, actively and properly develop long-term money market, and pay attention to developing technological market, housing market, and labor market.

(34) Another important aspect in strengthening market development is the establishment and improvement of market laws, the need to attach importance to business reputation, and the elimination of regional blockade. The purpose of stressing the role of market laws is to guarantee that enterprises can follow laws and regulations and practice fair competition in the market and also to guard against the practices of seeking private interest, giving and accepting bribes, or even selling state economic information by people on official duties. On the basis of straightening and implementing the existing laws and regulations, it is necessary to attach importance to enacting and implementing laws urgently required in market operation but so far have not been formulated, such as market law, antimonopoly law, fair competition law, and law against bribery and embezzlement. We should strengthen the role of administrative departments for industry and commerce and other law enforcing organizations in implementing laws and also give full play to the role of the masses in supervising the implementation of laws and regulations. Those who violate laws and regulations must be punished. Paying attention to business reputation is very important to the effective operation of market. Tearing up agreements, repudiating debts and other deceptive practices will not only seriously infringe upon the interests of parties concerned but also weaken the functions of market adjustment and corrupt social values. Therefore, while we are stepping up legislation and taking various actions to protect business reputation and dealers' legitimate rights and interests, we must encourage people to deem it an honor to keep their word and a shame to break promises in the market. Another question is how to break regional blockade. Regional blockade runs counter to needs of modern large-scale production and commodity economy. The market that we advocate is a unified nationwide socialist market. We should consider rational local interests, but we must not resort to the practice of blockading the market and using neighbor's field as a drain. Although

the state has repeatedly issued bans on regional blockade in recent years, regional blockades have not been reduced. On the contrary, they are becoming more intense in some localities. Such a situation has aggravated irrational resource distribution and become one of the major reasons for failure to make well-managed enterprises stand out and to have poorly managed enterprises eliminated. Regional blockade has something to do with certain existing systems and policies, such as irrational local financial contracts, irrational prices, and lack of standards for tax burdens. It also has something to do with the lack of some necessary laws and regulations. For this reason, it is necessary to make comprehensive efforts to solve the problem of regional blockade.

(35) To achieve an organic integration of planning and market forces, we should improve the socialist market and establish new macroeconomic control which suits the development of socialist commodity economy. We must reform the old planning system, change the functions of planning, achieve a shift from mainly exercising direct management to mainly exercising indirect management, and use economic, legal, and administrative means simultaneously in regulating economic activities. Without such a change, it will be very difficult for our planning to suit the new economic environment and the new regulatory task. Economic management organizations should be established in accordance with the new functions of planning. It is necessary to improve planning methods and enhance working efficiency. It is necessary to have a sound system for scientific and democratic planning. The planning department should also implement the responsibility system. We should conduct experiment first, and then gradually formulate a scientific and feasible system for appraising the quality of planning work and for reward and punishment in connection with the planning work.

(36) Conforming to the requirements of the law of value and regulating economic functioning by correctly using financial policy, industrial policy, policy governing income distribution, and other economic policies, are important means for improving planning work. Working according to the law of value has become a cliché; however, there have been numerous instances that are not in line with the requirements of the law of value. The main reason for this probably is, in addition to the problem of understanding, the lack of an appropriate system and conditions. Policy and planning should be and must be as objective and realistic as possible, and should be correctly reflected in people's minds. However, it is extremely difficult to truly practice this. The law of value and the law governing supply and demand exist objectively. The fundamental requirement for keeping subjectivity in line with objectivity is to have a sound and flexible market. Only policies and plans established according to signals sent out from such markets can possibly be more scientific. This is what so-called indirect economic management means. We should realize that, compared with the past direct economic management, indirect economic management is

more difficult and requires more sophisticated management skills. Of course, we should make use of macroeconomic management methods that have proved effective in other countries; however, we should pay more attention to exploring the particular laws governing China's current macroeconomic functioning, as well as macroeconomic regulation methods that are in line with these laws. For instance, in implementing industrial policy, we should first make a correct judgement as to development of which industries should be accelerated and development of which industries should be curbed. After the order of priority of industrial development is decided, we should rationally decide on the management methods and economic means for managing each industry. In the course of implementing industrial policy, we should regularly compare the expected objectives with the results of policy implementation to readjust the policy in a timely fashion and to take other necessary actions. Implementation of industrial policy in the country in the last few years indicates that it is by no means an easy task to truly do a good job of carrying out aforementioned work—it requires pretty good planning work and a scientific and rational planning management system. To put the economy under scientific and efficient macroeconomic management, we should study the laws concerning the rate of economic growth as well as important proportionate relationships—for example, the growth rates of the GNP, agriculture, industry, and the service trade; and the proportionate relationships between accumulation and consumption, between production and construction, between economic growth rate and monetary supply, and between economic construction and national defense, science, education, cultural development, and public health work. By summing up the experience of development over a relatively long period, we should be able to find out some consistent things.

(37) Beefing up market construction, reforming the planning system, and improving planning work methods are important means for organically linking planning to the market. The merger between planning and the market will be materialized in the course of making comprehensive reforms in these fields. The market we should consider in beefing up market construction is a market for which the precondition is to accept planning and guidance. The plan we should set our sights on in reforming the planning system is a plan that recognizes that the purpose of market regulation is to ensure the entire economy will develop healthily, according to the requirements of the macroeconomic policy. Planning and the market are unified; however, the visible forms of merger between planning and the market are varied and will continue to develop. The most common form of such a merger is probably the becoming one of the functions of planning and market, which makes it difficult to tell one from the other. Macroeconomically speaking, the entire economic activity is conducted under the guidance and influence of state planning; viewing things from a microeconomic point of view, every market activity will more or less be stamped with the brand of planning. The prices of certain products and

the business environment in which enterprises operate are decided by the market; but, the price level and the business environment decided by the market are influenced and restrained by the state's price policy, monetary policy, and other policies.

(38) Reforms made since the Third Plenary Session of the 11th CPC Central Committee have brought unprecedented vigor and prosperity to the country's economy. There would be no way out if we did not reform the original highly-centralized planning system and methods. The many in-depth problems in our current economic life also cannot be solved by making minor revisions to the original system and by adopting a few market regulations while basically preserving the framework of the original planning system. The most favorable way is to resolutely and steadily deepen reform following the course of building socialism with Chinese characteristics to truly and organically link planning to the market. In the process of carrying out this work, we should further emancipate our minds, boldly bring up new ideas, and advance in a down-to-earth manner. In the light of our current efforts to invigorate large and medium state-owned enterprises, we should carry out reforms in a systematic and planned manner in the various links of the economic system. We should use reform to boost development and actively promote reform while maintaining a steady development. As long as we seriously take on our historical mission, study diligently, boldly pioneer new spheres, adhere to our course, and do things according to the requirements for developing a planned socialist commodity economy, we definitely will be able to successfully develop a new socialist economic system and economic operating mechanisms that combine planning and the market.

(39) Currently, the international situation is changing rapidly and socialist reform and development are facing a string of difficulties and challenges. China is a developing socialist country; only by forcefully developing a planned socialist commodity economy can we quickly enhance our socialist economic power and continue to refine our socialist economic management system. As long as comrades of the whole party and people of all nationalities in the country unite; as long as we properly conduct domestic affairs according to Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and adhering to the party's "one central task and two basic points" basic policy; as long as we set our minds on doing our economic work well; and as long as we apply ourselves to combating corruption, promoting administrative honesty, and bringing progress to all social sectors, our socialist modernization drive will definitely advance invincibly.

Footnote: Bo Yibo began thinking of writing this article in the winter of 1990. After thorough investigation and study, he finished the article in 1991. Then, he repeatedly solicited opinions from responsible comrades of central departments concerned and some economic experts before he finalized the article and submitted it to the comrades of the CPC Central Committee Political

Bureau Standing Committee for their reference and perusal. The CPC Central Committee General Office printed and transmitted it to responsible comrades of all central departments and all provinces, autonomous regions, and municipalities for their reference and perusal on 24 January 1992.

Warning Against Interference in Market Economy
HK0202124693 Beijing GUANGMING RIBAO in Chinese 8 Jan 93 p 4

[By reporter Chen Pingao (7115 0756 7559): "Young Economist Fan Hengshan Warns Against Going Astray in Practicing the Market Economy"]

[Text] Building a socialist market economic structure is an unprecedented social system engineering project involving great difficulties and extreme complexity; it is imperative to pursue the market economy on the basis of in-depth research and references to standard international practices. Dr. Fan Hengshan [5400 1854 1472], senior economist at the State Commission for Restructuring the Economic System, indicated in an interview with this reporter. He warned that in pursuing the socialist market economy, we should by no means "put old contents in new forms," while distorting them!

This young economist, who has long been engaged in the study of economics, worked in general planning for economic restructuring and designing plans for years and has published several million words of work, which states that being different from the West, where the market economy was gradually developed on a comparatively "pure" basis, China is converting to a market economy from the basis of a planned economy, which is essentially opposite to the market economy as it takes mandatory plans as the main body and has implemented this system for a long time. Aside from the "natural" structural and environmental barriers, some people are liable to make some mistakes in understanding. Presently, the condition of "putting old contents in new forms" has surfaced; namely, as soon as the 14th party congress set the goal of a socialist market economic structure, some places began to brief and summarize experiences on "pursuing the market economy over the past dozen of years or so"; other places said they were pursuing the market economy, but were actually doing business in the old way, continuing to pursue index control and intervene in specific economic activities with administrative means. In other places, "reformative" measures presented ran counter to the market economy's demands; for example, they changed the signboards of administrative institutions into "companies," while taking over enterprises under the pretext of developing groups. China has scored outstanding results in reforming the planning structure and enlarging market regulation; however, we know very little theoretically and have little experience on pursuing the market economy under socialist conditions. This being the case,

one should not easily believe what one is pursuing is none other than the socialist market economy, still less operate blindly.

On building a market system and the foundations of a market economic structure, Fan Hengshan said that the important point in building a socialist market economic structure lies in shaping market economic relations, which are not realized through administrative means but take shape naturally and gradually advancing toward maturity in the course of production operations through the subjective aspect of economic activity. Presently, some places have actually distorted the market economy while pursuing the market. For example, rushing headlong into mass action and being enthusiastic about running the market by administration; furthermore, pursuing markets to a certain "level." Consequently, such pursuits invariably fail despite very busy openings, for trade slackens in actual operation or results in regional blockades and separated markets. We should know that the market cannot be set up by administrative means but naturally takes shape. The government's task does not lie in running the market but in promoting its completion, perfection, and development through the appropriate policies and means. The market should not be divided into "national level" and "provincial level"; for a regional or national market can only take shape in development. Another example is the failure to proceed from developing a market with complete and healthy functions but to pursue markets with the very strong coloring of a department or trade; whoever runs the market benefits. Markets in this category are definitely closed, monopolistic, and can hardly promote the rational flow of various commodities (including production essentials). He said that to construct a competitive market, the most important point is to adopt scientific and effective measures to promote the development of the invisible market, namely the market of economic relations.

Fan Hengshan emphasized that administrative powers were incompatible with the market and that to build the socialist market economy it is especially necessary to guard against and overcome infiltration by such powers. Otherwise, such a structure would be inferior to the market economy as well as to the planned economy. The danger of such conditions is great and has surfaced in some aspects. On the one hand, government departments are unwilling to "return rights" to enterprises and the market; however, under the pressure of converting their functions, they have to return the rights. Consequently, the condition of nominally returning rights, and retrieving rights under the pretext of "reform" has surfaced, thus promoting the combination of power and shaping structures. On the other hand, the coexistence of a dual-structure and the incompleteness and imperfection of the legal system have provided stimulus and conditions for powers to be involved in the market and to diffuse into economic activities. Presently, the conditions by which special economic privileges intrude into commodity transactions and administrative organizations participating in operational activities are not

scarce. Some people are utilizing the power in their hands to conduct underground asset transactions that should be distributed by the administration, such as office buildings and land; some operational units are trying their to seek connections inside "the government" so that they may obtain quotas and indexes of production materials at government-controlled prices instead of engaging in proper operations. The success stories of certain companies are in actual fact histories of building powerful connections. It is imperative to adopt measures to sever the infiltration of administrative powers in the market and the construction of the market economic structure.

In conclusion, Fan Hengshan indicated that pursuing the market economy also involves the issue of selection. Generally speaking, at the present stage, the selection of the market economic structure is more efficient than the planned economic structure; however, there are different types and categories of the market economy: developed and underdeveloped. In the world today, some 130 countries and regions pursue the market economy, but not all countries pursuing the market economy are successful. We should aim at those market economic structures with the highest efficiency in operations, while absorbing the advantages of all other structures that can be absorbed by us proceeding from China's own actual conditions, and we should do a good job of building the socialist market economic structure in a down-to-earth way.

'Serious Inflation' in 1993 Discounted

HK0202144093 Beijing JINGJI CANKAO BAO in Chinese 11 Jan 93 p 1

[Article by staff reporter Wang Yinghui (3769 6601 2547) and correspondent Zhang Xinhong (1728 2450 4767): "There Will Not Be Serious Inflation This Year"]

[Text] With the impact of the tide of the development of a socialist market economy, China's economic ship steamed ahead at high speed last year. It is estimated that 1992's gross industrial output value will increase 21 percent over the previous year, gross agricultural output value by 5 percent, the total volume of retail sales by 15.5 percent, GNP by 12 percent, and the total foreign trade volume by 22.1 percent. This contrasts sharply with the rest of the world, which has yet to emerge from the shadow of economic recession.

Although excited, fellow countrymen have begun to talk about this: Will such rapid economic growth lead to serious inflation or not?

Some people have argued that China's economic operations after reform was introduced show that rapid economic growth is usually accompanied by relatively open inflation. Statistics from 1980, 1985, and 1988 reveal that both the industrial growth rate and price increases peaked simultaneously. Since 1992, China has ushered in a peak period of economic growth. Is it possible to rule out noticeable inflation?

Some people have said that, since 1992, latent inflationary pressures have been on the increase, which has mainly found expression in the following: economic growth relying on increased investment to a great extent; and the characteristic of demand sparking inflation has gradually shown itself. It is estimated that total fixed assets investment in 1992 will top 700 billion yuan, up 31 percent from the previous year and 10 percent more than the industrial growth rate. Gross industrial output value in 1992 was 21 percent higher than the previous year. What is more, increased investment in fixed assets led to apparently shorter supplies of capital goods, an apparent decrease in stocks, and price rises. At a time when enterprises have still failed to greatly improve their economic performances, they will pass on to consumers losses brought on by higher raw materials prices as soon as they see fit to do so, thus increasing latent inflationary pressures. An increased volume of credit and the expansion of the money supply beyond economic limits have also apparently contributed to increased inflationary pressure. Rapid economic growth in 1992 was mainly due to expanded investment, while expanded investment and the higher industrial growth rate resulted from the provision of more loans and also encouraged expanded credit. At the end of 1992, credit balances and the amount of money in circulation were up 20 and 28 percent over the previous year, exceeding the GNP growth rate of 12 percent to a large degree. 1992's pattern of investment and economic growth indicates that too much emphasis was placed on secondary industry and that "bottleneck" departments played a greater restraining role in national economic development.

Other people have said that the environment for macro-economic operations in 1993 shows that inflationary pressures exist. There was a big increase in the number of projects where construction started in 1992. Since construction will proceed in 1993 and the work load will become bigger, the investment volume will continue to expand in 1993. With the government changing its functions, investment decisionmaking powers are being delegated to lower levels in many places. This could easily become a factor leading to expanded investment at a time when restraining mechanisms are still ineffective. The increased channels and modes for raising funds created over the last few years will also augment the money supply, thus expanding the volume of investment. According to a preliminary estimate, total investment in fixed assets in 1993 will still be 20 percent more than the previous year. In addition, more prices will be freed and the prices of some items will be readjusted to regulate the price structure, and this will inevitably and directly raise the general price level.

What is quoted above shows that there are reasons for the worries about inflationary pressures in 1993. But this does not mean that we will have the same serious inflation in 1993 as we did in 1988. Because, along with latent inflationary pressures in 1993, various factors are reducing inflation, which will prevent latent inflationary

pressures from turning immediately or entirely into actual inflation. These deflationary factors mainly include the following:

1. There is ample supply and a good range of goods in the market. The situation where a great amount of money pursues a limited quantity of commodities will not happen again. Regarding the agricultural products supply, since agricultural production has registered stable growth over the last few years and the trend will continue in 1993 given no extraordinary natural disasters, supplies of staple agricultural products will meet increased demand. Let us turn to the supply of manufactured consumer goods. A chief characteristic of the market in the last few years is that the increase in demand for consumer goods was slower than industrial growth. This is also the most fundamental difference between 1993 and 1988 and other previous inflationary periods. In 1992, industry grew 21 percent, of which 18 percent was contributed by light industry, while the total volume of retail sales grew only 18 percent, revealing relatively inadequate social demand. According to an analysis of the supply and demand of staple commodities in the second half of 1992 by the Ministry of Commerce, of 539 industrial products, 27 were in short supply while 200 had piled up in excess of requirements. Of 101 agricultural and sideline products, 16 fell short of demand, while 33 had an excess supplies.

2. There have not been marked changes in some basic factors determining the present pattern of the consumer market. First, though there has been a fairly rapid increase in residents' money income, income levels of urban wage earners and peasants is unlikely to rise considerably in the near future; second, it is difficult for the urban markets to induce consumers to spend money exclusively on certain products in the near future, while the rural market is still unable to absorb durable consumer goods, supplies of which have reached saturation point in urban areas. In the meantime, there is has been a great change in the pattern of residents' spending. Speedier reforms of the housing and social security systems as well as the increased distribution of negotiable securities will increase the amount of money spent by residents. Therefore, China's consumer markets will continue to grow steadily in 1993.

3. The decision to free prices of more commodities will cause the prices of some commodities to go up, but it will also bring down prices of other commodities due to increased production and keener competition. Residents will gradually mature after repeated price fluctuations in the market and will therefore increase their psychological tolerance to anticipated inflation.

4. The government will adopt various measures to reduce the impact of inflation. Since the fourth quarter of 1992, the government has been planning to control the volume of credit. So long as there is not excessive investment in fixed assets, there is usually no overexpansion of overall social demand.

According to preliminary forecasts given by a relevant department, the total volume of retail sales in 1993 will possibly reach 1.25 trillion yuan, about 16 percent above 1992, and the general price level will increase by about 8 percent. Considering China's actual conditions and the likelihood of continued economic growth and continued improvements in the people's living standards, a price increase of 8 percent should be appreciated and acceptable to the state, enterprises, and consumers.

Therefore, generally speaking, there will not be serious inflation in 1993.

Economist on Market Economy, Social Equity

HK0202152193 Beijing LIAOWANG in Chinese No 48,
30 Nov 92 p 10

[Interview with economist Li Yining by Ge Xiangxian (5514 6272 6343) and Li Xiaogan (2621 1420 6373); place and date not given: "Noted Economist Li Yining on Market Economy and Social Fairness"]

[Text] People have reached a consensus on the fact that the market economy can bring about high efficiency, but many people still have misgivings on how to ensure social fairness and deal with employment under market economic conditions. For this reason, these two reporters interviewed the famous economist, Professor Li Yining, several days ago on these two questions.

[LIAOWANG] There is intense competition in the market economy and this competition leads to differences. Some people are worried that the differences will cause polarization when they reach a certain degree and that it will be difficult to ensure social fairness. What is your idea on this question?

[Li] We should first define the meaning of fairness. We should say that the materialization of common prosperity is the greatest fairness. The conditions for this materialization are highly developed productive forces, equal opportunities, and the full transfer of the factors of production. But the traditional planned economic structure is not beneficial to the development of the productive forces. Under this structure, enterprises have different departure points, opportunities are unequal, the transfer of the factors of production is limited, and people are confined to certain posts. How can we talk about fairness? In addition, under the planned economic structure, whether fairness can be ensured or not has much to do with the quality of cadres; if cadres abuse their power, there is no such thing as fairness.

Of course, we should admit that in the market economy, the market performs income distribution according to efficiency and there are differences in income, but this will not cause a big difference between wealth and poverty or polarization because the market only performs the primary distribution and the government carries out secondary distribution, during which efficiency and fairness will be taken into account. For example, the government can adjust income and reduce

differences by imposing regulatory taxes on income and personal income or by collecting inheritance tax; it can also help the poor and make overall arrangements for social insurance by establishing old age insurance, medical insurance, and accident insurance. In addition, the government can also play an intermediary role in forming a lateral combination between advanced and backward regions to let them display their strong points. Following the development of the market economy, the government's secondary adjustments will become richer in content and its regulatory role will become more perfect.

[LIAOWANG] But some people will still say that there will be differences in income despite the secondary adjustments.

[Li] You are right. But we should understand that common prosperity is a goal which takes time to fulfill. Achieving absolute prosperity at the same time is impossible; this could only lead to common poverty. We should encourage people to become rich by legitimate means and by relying on their own work. We should allow some people who have made contributions to the country to become rich ahead of others. We should always remember that egalitarianism is not socialism, nor is it genuine socialism.

[LIAOWANG] Another problem people are most concerned about is the possibility of large-scale unemployment caused by the market economy. Facing too many surplus laborers in state enterprises and a depression in production, many people are worried about their future and are more worried about their own livelihoods.

[Li] We cannot say there is no unemployment under the traditional planned economic structure, only this unemployment exists in a concealed way. Supposedly, there is a job for every one, but actually several people are doing one job. Should this situation continue, socialism would come to naught. The introduction of the market economy may cause some workers to wait for other jobs because their enterprises go bankrupt as a result of losses. This pain is inevitable in the course of structural transformation. Without this pain, the economic results of enterprises cannot be improved. We should also understand that enterprise bankruptcy is the beginning of the reorganization of production. Factory buildings, equipment, and workers are still there. "As long as the green mountains are there, one need not worry about firewood!" Of course, unemployment is a social problem which must be properly handled. We should speed up reform of the social insurance system and widen employment avenues. Moreover, there is a need to change people's understanding of "employment." To put it simply, employment means income obtained by relying on one's own efforts; we cannot say that only the implementation of ownership by the whole people or collective ownership means employment. Peddlers also have jobs.

We believe that there are optimistic prospects for employment under the market economic structure. There is a good example. Guangdong Province, particularly the Zhu Jiang Delta, has attracted a large number of workers from other provinces as well as having solved its own employment problem.

Explorations for Theory on Planning, Market

HK0302033893 Beijing LIAOWANG in Chinese No 46, 16 Nov 92 pp 14-15

[Article by Wu Jinglian (0702 2417 8834): "The 14 Years of Explorations for a Theory About Planning and the Market"]

[Text] The 14th party congress report points out: The development of the practice and deepening of the understanding require us to clearly point out that the objective of our country's economic structural reform is to establish a socialist market economy to further emancipate and develop productive forces. The presentation of this scientific theory of great practical significance will have a far-reaching and significant impact on our country's economic and social development. To better understand and apply it in theory and practice and to quicken the pace of reform, opening up, and modernization, it is necessary for us to review the explorations for the theory on planning and market over the past more than 10 years.

The issue about the relationship between planning and market in the socialist economy was first discussed at an informal State Council theoretical forum [wu xu hui 0523 57:1 2585] held between July and September 1978. The meeting mainly studied the issue of speeding up the process of the four modernizations in our country, and also discussed the issue of reforming the economic structure. A proposition used at the meeting was to "combine the planned economy with the market economy." However, in later discussions, most people in the theoretical circles held that this proposition was not as accurate as the proposition of "a commodity economy that combined the planned economy with market regulation." In September 1980, the State Council Office for Economic Restructuring forwarded the following opinion: "The socialist economy at the current stage in our country is a commodity economy with public ownership over the means of production holding a prevailing position and with diverse economic elements existing side by side, and a corresponding economic structure must be set up." "The principle and orientation of our country's economic structural reform should be: Under the precondition of maintaining the prevailing position of public ownership over the means of production, consciously applying the economic laws in light of the requirements for developing the commodity economy and promoting large-scale socialized production." "The exclusive planned regulation should be changed into a system that gives full play to the regulatory role of the market under the guidance of plans." This opinion was widely endorsed by economists, and some theorists even

said: "Recognizing that the socialist economy is a planned commodity economy represents a major step forward and a leap in theory."

That is to say, there was a good beginning in this regard. However, twists and turns arose later. After April 1981, a series of articles published in newspapers and magazines criticized the viewpoints of "the socialist economy is a commodity economy" or "a planned commodity economy," as forwarded by some economists between 1979 and 1981. They argued that "the socialist economy can only be a planned economy"; "the basic symbol of a planned economy is the mandatory plan"; and "the mandatory plan is the major embodiment of the socialist whole people ownership." It was said that "if our economy is generalized as a commodity economy, then the essential differences between the socialist economy and the capitalist economy will be obscured." The articles also said that the proposition of "the planned commodity economy" was incorrect, because "its foothold remains the commodity economy and the planned economy is abstracted from the concept." They held that such conception was "incompatible with our socialist economic system," because according to the principle of the commodity economy, "the state-run enterprises will be changed into economic units completely conducting independent accounting and bearing full responsibility for their profits and losses." In their opinion, if it is affirmed that "competition provides a driving force for economic development," then the economic restructuring in our country will be conducted according to "the principle of the capitalist market economy" rather than "the principle of the socialist planned economy." The article also said that according to the idea about "subjecting macroeconomic affairs to planned adjustment and microeconomic activities to adjustment by the market, the macroeconomic policy will just be shelved and become meaningless and the socialist planned economy will be attenuated."

In the course of drafting the report to the 12th party congress, some leading comrades in the theoretical circles held that the viewpoint of turning all enterprises into independent economic entities and subjecting all business activities of the enterprises to the adjustment by the market would inevitably weaken the planned economy and the socialist public ownership system. They also said: "In our country, although there still exist commodity production and commodity exchanges, our economy must not be generalized as a commodity economy. Such generalization would inevitably obscure the differences between the socialist economy which develops in a planned way and the capitalist economy which remains in an anarchical condition." After that, the report to the 12th party congress changed the relevant proposition into the following statement: "China has a planned economy based on public ownership. Planned production and circulation cover the main body of our national economy. At the same time, the production and circulation of some products are allowed to be regulated through the market without being planned...

This serves as a supplement to planned production and circulation, being subordinate and secondary to it." "The state ensures proportionate and coordinated growth of the national economy through overall balancing by economic planning and the supplementary role of market regulation." After that, different propositions basically disappeared from newspapers and magazines.

The criticism of the viewpoint of "socialist commodity economy" and the idea about giving play to the role of the market mechanism continued to the eve of the Third Plenary Session of the 12th CPC Central Committee. In late July that year, several researchers in the Chinese Academy of Social Sciences wrote an essay entitled "Further Exploration of Our Country's Commodity Economy Under the Socialist System" and distributed it among some leading comrades. The article criticized the idea of "setting the planned economy against the commodity economy," and held that it is necessary to reaffirm the proposition that "the socialist economy should be a planned commodity economy," which was repudiated in the previous period. After that, Comrade Deng Xiaoping and Comrade Chen Yun wrote instructions on a letter by some leading comrades to the Central Political Bureau members, giving their assent to the following opinion: "The socialist economy is a planned commodity economy based on public ownership. Plans should be fulfilled through the law of value." At the same time, a group of economists also advanced to the CPC Central Committee the suggestion of restoring the proposition of the socialist planned commodity economy. The "Decision on Reform of the Economic Structure" adopted by the Third Plenary Session of the 12th CPC Central Committee pointed out: "It is necessary to discard the traditional idea of pitting the planned economy against the commodity economy. We should clearly understand that the socialist planned economy is a planned commodity economy based on public ownership, in which the law of value must be consciously followed and applied. The full development of a commodity economy is an indispensable stage in the economic growth of society and a prerequisite for our economic modernization." Thus, the viewpoint that the objective of the economic reform in our country is to build up a "socialist commodity economy" was established. Comrade Deng Xiaoping highly valued the "Decision." At the meeting to adopt the "Decision," he said that the decision was representative of the "renewal of political economy of Marxism." He also said that "the document is very good, because it explains what socialism is. There are some new words that were never uttered by the forefathers." "This is the real action of upholding socialism; otherwise, things may go the way the 'Gang of Four' said: 'The socialist weeds are better than the capitalist seedlings.'" Comrade Chen Yun also pointed out: "At present, the scale of the economy in our country is much greater than that in the 1950's, and things are also much more complicated. Some practices

in the 1950's may not be feasible any longer." "Now, if the practices in the 1950's are resumed, they will certainly get nowhere."

Then, the report to the 13th party congress further pointed out that the development of the socialist commodity economy cannot do without the growth and perfection of the market, and giving play to the regulatory role of the market can never be equated to capitalism. Thus, people's approach to planning and market was freed from the old conception, and a consensus of opinion on the nature and objective of the reform was reached among cadres and the masses.

"Commodity production," "commodity economy," and "market economy" are different ways people call the same economic pattern in different historical periods. When Marx studied the capitalist economy, he first analyzed relations based on commodity and currency, and he called the form of society where relations based on commodity and currency hold a ruling position "society of commodity producers" or "currency economy." He did not use the term "commodity economy." "Commodity economy" is a Russian word. Books in the Soviet Union generally used this term. In our country, the theory of socialist economics was mainly introduced from the Soviet Union, so the term "commodity economy" became a term in common use in the field of economics in our country. The term "market economy" was not prevalent until early this century. Its popularity was related to the deepening of the economic studies. New classical economics developing in the late 19th century and early 20th century grasped the key issue in the operation of the economic system—the distribution of the scarce resources—and made thorough analysis of the price forming mechanism in a market economy and the effective distribution of resources through the sensitive reactions of independent enterprises to the price signals. Since all commodity economies, more or less developed, effect the distribution of resources through the market mechanism, the economic form people used to call "currency economy" or "commodity economy" are now called "market economy" according to the way resources are distributed. Therefore, the socialist commodity economy in our country is also a socialist market economy. Comrade Deng Xiaoping enunciated this point on 26 November 1979 when talking with Jibuni [0679 1580 1441], deputy editor-in-chief of "Encyclopaedia Britannica" in the United States: It is certainly incorrect to say that the market economy is only linked to capitalism. Why can socialism not also adopt the market economy? The market economy burgeoned in feudal society, and it can continue to exist in socialist society. After the Third Plenary Session of the 12th CPC Central Committee adopted the "Decision on Reform of the Economic Structure," many economists pointed out that in large-scale socialized production, a commodity economy is also a market economy, and a socialist planned commodity economy is also a socialist planned market economy (or a socialist market economy with overall management). Any economic reform in real terms is bound to be "market-oriented."

To sum up, the relationship between planning and market should be rather clear and obvious, but in recent years, a large number of articles criticizing "market-oriented" reforms appeared in newspapers and magazines. They directly linked the issue about planning and market with the issue about the basic social system, and asked whether such reforms bore the surname "socialism" or "capitalism."

This situation was not fundamentally changed until Comrade Xiaoping's talk during his inspection tour to the south was made public early this year. Comrade Xiaoping's theses further broke through the traditional concept of taking planning and market as the essential attributes of socialism and capitalism; further emancipated the minds of our cadres and ordinary people; and enriched and developed the theory about building socialism with Chinese characteristics.

In retrospect, we find that establishing a new structure of the socialist market economy as soon as possible, including a corresponding theoretical system, has become a pressing task for us. Practice has shown that the market-oriented reform is the only way to revitalize socialism. In fact, without the effective market-oriented reform in the past more than 10 years, there would not have been today's good situation with our Party and our state. To better unify people's understanding and to prevent further twists and turns on this issue, we should further develop our theory according to the development of our realities. Moreover, reform and opening up in our country have made great progress over the past more than 10 years along the course charted by the Third Plenary Session of the 11th CPC Central Committee; and many controversial questions have become much more obvious. The 14th party congress set forth an explicit proposition to accurately generalize the economic attribute of socialism with Chinese characteristics, and it not only sums up our reform experience in the past more than 10 years, but is also in keeping with the idea accepted by most people in our country.

Bottlenecks, Excessive Investment Problems Noted

HK0202124593 Beijing ZHONGGUO XINWEN SHE
in Chinese 1202 GMT 11 Jan 93

[This is a series of articles on the prospects for China's economy in 1993 by staff reporter Xiao Rui (5135 3843)]

[Text] Beijing, 10 Jan (ZHONGGUO XINWEN SHE)—The latest figures supplied by the State Statistical Bureau indicate that China's industrial growth rate in 1992 was 21 percent, the highest in the 14 years since the beginning of reform and opening up.

China's economy has steered into the fast lane. The overall economic situation in 1992 was fine, but according to analysis by economic experts, the current industrial growth rate is too high. In the fourth quarter last year, it reached 27 percent, which was obviously

beyond what could be tolerated by the objective material conditions. This should not go on any more.

As predicted by the State Statistical Bureau, because of the lagging effect of production growth, industrial production in the first quarter of 1993 will continue to maintain the relatively high growth rate of about 20 percent. As restrictions from such "bottlenecks" as communications, energy, and raw materials, mount in the second half of the year, the growth rate will naturally fall and this means the growth rate for the whole year will be around 15 percent.

The following problems have been found in China's economic operation in 1992: While the growth of industrial production and the scope of investment speeded up, the growth of financial revenue and the savings of urban and rural residents slowed. Though the loss of a balance in total supply and demand did not occur, which might have triggered overall economic overheating, overheating was present along with the accelerated industrial growth and inflation was latent in the accelerated expansion of investment in fixed assets. Furthermore, the balance of revenue and credit weakened, which will weaken speedy economic growth based on credit expansion.

In the midst of rapid growth in industrial production, the problem of an unbalanced structure has become increasingly noticeable. Processing industry maintained excessive growth, taking up 50 percent of total industrial growth and exceeding basic industry's contribution rate of less than 20 percent by a large margin. This disparity has tightened the external environment for economic growth and the "bottleneck" effect is continuously increasing.

The "bottleneck" restrictions that have appeared find expression in the following aspects: growth in such basic industries as energy and raw materials production has not matched growth in industrial production as a whole and that of investment in fixed assets. In the second half of last year, price increases for such major means of production as steel went beyond 20 percent. Overloading frequently occurred in communications, especially railroad transportation, and stockpiling of goods at stations and ports was very serious, hampering the development of the economy.

Restrictions in the external environment determine that the basis for maintaining a high rate of economic growth is not solid enough and the accelerated expansion of investment in fixed assets has further aggravated the crisis in investment expansion.

In 1992, total investment in fixed assets across society increased from 1991's 550 billion yuan to 730 billion yuan. As far as total investment is concerned, there were too many newly started projects, the total scope of ongoing construction was too big, and the average scale was on the low side. With the authority to approve investment further delegated to lower-level authorities, the number of newly started projects will reach a peak in

the next two years. This may give rise to a new round of undue investment expansion if the controls are ineffective.

In view of the problems exposed by the high rate of economic growth, in order to prevent excessive investment growth from causing excessive growth in industrial production, which would in turn aggravate imbalances in the operation of the national economy, the Chinese Government is actively taking regulatory macroeconomic measures and controls to avoid repeating past mistakes.

Because China is in the process of shifting toward the socialist market economy system, a new mechanism of macroeconomic regulation and control has not come into being and the old means of administrative management do not work properly any more. Financial means and credit levers, which have both administrative functions and economic functions, will be strengthened in order to channel funds toward "bottleneck" industries and enable China's economy to develop in a steady, coordinated, and efficient way.

Reforms in Distribution, Retail Sector Viewed

HK0202133093 Beijing ZHONGGUO XINWEN SHE
in Chinese 0707 GMT 12 Jan 93

[Third in a series of articles on the prospects for China's economy in 1993 by Sun Yongliang (1327 3057 5328)]

[Text] Beijing, 12 Jan (ZHONGGUO XINWEN SHE)—After a year of renovations, the Ministry of Commerce Building, which is located at Changan Avenue, presents a brand new image. The owners of the building, senior officials in charge of China's market circulation, are introducing new reform measures to promote and guide the new rising "revolution in circulation."

Not long ago, the Ministry of Commerce was a department closely related to China's planned economy. In recent years, the largest "government commercial department" in China has dropped its pretentious airs and joined the great current of vigorous market competition.

At a recent national conference of commercial officials, the Ministry of Commerce proposed the 10 major tasks for commercial reform and development in the 1990's, of which the primary one was to "build a large market, take part in greater circulation, and develop big commerce."

As a concrete action taken to join the market, the Ministry of Commerce established dozens of entities. Different from the monopoly state companies in the past, which failed to separate government administration from enterprise management, these entities will be conditioned by the laws of the market the same as collective and private enterprises.

At the end of last year, the Ministry of Commerce promulgated the first regulations for state enterprises to effect a change in their operational mechanisms. The regulations delegated a great deal of decisionmaking powers to enterprises. This year will be a crucial one for the implementation of the regulations.

In the years ahead, a change will be effected in the operational means of commercial enterprises which have obtained sufficient decisionmaking powers and large commercial enterprise groups and chain stores will be established. The Ministry of Commerce also proposed that small state commercial enterprises may adopt forms of contracts, leases, or sales to encourage operations by collectives and individuals. Large enterprises with apt conditions may undergo the joint-stock reform experiment.

The ban on using foreign capital in retail sales was lifted last year and long-awaited foreign capital will flow into Beijing, Shanghai, and other large cities. It is said that the Ministry of Commerce has affirmed this. It is estimated that a number of luxuriously decorated, modern, large shopping centers with advanced management will be set up one after another in the coastal cities.

The integration of domestic and foreign trade will be one of the directions of China's commercial reform. Over the years, the Ministry of Commerce has established modern wholesale markets for all kinds of materials nationwide, which even offered international futures businesses. The Ministry of Commerce recently urged commercial enterprises to take part in international competition on their own initiative, to study and adapt themselves to the new situation of market circulation following the resumption of China's status as a contracting party to GATT, and to accept new challenges.

The unified national circulation market, which is taking shape, urgently needs a set of standardized, legalized, and competitive regulations. In a speech made not long ago, Minister of Commerce Hu Ping said that under the state's macroscopic planning and guidance, and through legal, economic, and administrative means, it is necessary to adopt comprehensive measures to remove barriers erected between departments and regions and promote the establishment of a unified national market. It is said that China's first "commercial law," which has become the focus of world attention, has been submitted to the National People's Congress [NPC] Standing Committee for examination and approval. It is likely to be adopted at the first session of the Eighth NPC being held this spring.

All this shows that China's commercial reform started long ago, has formed an integrated whole and is developing in all directions, and has entered a mature stage.

The purpose of the series of measures proposed by the Ministry of Commerce is to appropriately nurture and improve the market, ensure an unimpeded flow of commodities, promote the establishment and development of a unified commodity market, and eventually set up a

Chinese-style commercial market economic system. Indeed, this is a "revolution in circulation." The year 1993 will be an extremely important one for laying a solid foundation and examining the effects of the reform measures introduced in this field.

The tremendous changes in China's market in recent years are apparent. In the new year, people are looking forward to the accelerator instilled by the commercial reform measures into the surging commerce craze in China.

Article Views Energy Industry's 'Predicament'

HK0202142193 Beijing ZHONGGUO XINWEN SHE
in Chinese 0514 GMT 13 Jan 93

[Fourth in a series of articles on the prospects for China's economy in 1993 by staff reporter Geng Jun (5105 6511)]

[Text] Beijing, 13 Jan (ZHONGGUO TONGXUN SHE)—China's energy industry, comprising coal, electric power, petroleum, and nuclear energy, has stepped into 1993 with a heavy burden and many problems. There are gratifying and worrying things about it.

Gratifying, because in the last five years, there has been a net increase of 200 million metric tons in coal output, which has resulted in a relaxation of the market supply. There are over 200 million tonnes of coal stocks and there is newly installed generating capacity of 60 million kilowatts, equivalent to the total capacity installed the 30 years before reform and opening up. In oil production, old oil fields have overcome the problem of an annual production fall of 20 million tonnes and have been able to maintain a sustained increase in production. The mainland's history of electricity without nuclear energy has ended.

It is worrying because investments with rising "market prices" have been introduced along with the low price allocated under the "planned economy." Price reform in energy products is lagging behind, there is an overstuffed administration in the energy industry, and efficiency is low. In 1992, a loss of 12 billion yuan was incurred by the coal industry and a loss of 10 billion yuan by the oil industry, and the state provided financial subsidies of 10.8 billion yuan to these two. The state took a number of provisional measures in the electric power industry to prevent an overall loss, but its return dropped below 3.7 percent. This industry lacks the ability to repay 80 billion yuan in investment loans accumulated in recent years. The energy industry lacks the ability to transform itself, which results in the "extended service" of more than 100 sets of integrated mining equipment. Power generating units are operating on an overload basis of 6,000 to 8,000 hours a year.

Reform is the fundamental way out for China's energy industry to escape this predicament.

In 1993, China will increase the force of reform in the energy industry, turn losses into profits, and improve efficiency. This will be taken as a breakthrough point in freeing the energy industry from its predicament.

In price reform, 60 percent of the total output produced by coal mines under unified allotment will have price controls relaxed this year, whereas last year it was only 20 percent. Price reform in the generating industry will follow the "Hong Kong formula." A new formula for electric power costs will be worked out with a rational profit and loan repayment capability. Low prices of crude oil produced by the three major oil fields of Daqing, Shengli, and Liaohe will convert to high prices. In addition, the international price of \$18 per barrel will be introduced for crude oil produced by 14 oil fields.

With management systems, the "Dahui No. 1 Coal Mine formula" will be adopted, under which the number of employees will be reduced by 70 percent with a fourfold improvement in work efficiency. This year, the number of personnel in coal and electric power enterprises under unified allotment will be reduced by 100,000. In three years, the number of personnel in the coal and petroleum industries will be reduced by 400,000. Coal bureaus will implement a "three-year" contract responsibility system under which they will assume sole responsibility for their profits and losses. In the electric power industry, the five major regional networks will be built into five enterprise conglomerates so that this industry will transfer from planned economic and government departmental management to market and independent enterprise management.

In raising capital, the state will increase its investment in energy capital construction by 71.2 billion yuan, an increase of 44.4 percent over last year. Apart from this, shareholding investment in the electric power industry will be introduced to Shanghai and Shandong on a trial basis. The shareholding system will be implemented in newly developed oil fields and petroleum machinery factories, with the preferential absorption of stocks from legal entities in the developed coastal economic regions and oil fields, allowing the sharing of profits and oil. When conditions are ripe, their share prices will be allowed to list to obtain more funds from society and increase energy construction funds.

In capital construction, the "Lubuge hydropower station formula," which can bring market competition into full play, will be introduced, tenders will be invited for contracts, and the owners' responsibility system and supervisory system will be implemented. An engineering and development corporation will be established for the Three Gorges project, which will start this year. This project will be organized according to international practices.

In opening up to the world, coal enterprises will explore markets in the CIS and Southeast Asia, undertake geological prospecting and coal mining in foreign countries, and selectively develop coal mines overseas. In the oil

industry, the cooperative scope with foreign countries for onshore oil resources will be expanded to parts of the eastern and western regions of the country. The country will also undertake the construction and development of some oil fields abroad.

In 1993, China's energy industry will inject more light, heat, and impetus for the improvement of the national economy and the people's livelihood. In the meantime, it will escape its predicament through reform and obtain a new impetus for continuous development.

Restructuring Agency Releases Reform Guidelines

HK0202152493 Beijing ZHONGGUO XINWEN SHE
in Chinese 1416 GMT 17 Jan 93

[Text] Beijing, 17 Jan (ZHONGGUO XINWEN SHE)—The State Commission for Restructuring Economy advanced six new lines of thinking a few days ago over the establishment of a new socialist market economic system.

The new lines of thinking are:

Build a modern corporate system based on the separation of administrative and business affairs and between ownership and operational rights over assets, where firms can function as independent economic persons, operate with decisionmaking powers, bear their own losses and profits, enjoy self-development, and exercise self-restraint.

Build a standardized and open market and price-formation system with equal competition, orderly operations, and sound rules.

Build an indirect macroscopic management system with a view to achieving an aggregate equilibrium in the macroeconomy and optimizing the whole structure using economic policies and economic levers as the chief means of regulation and control and build an economic management structure which runs according to socialist market economic laws, is rational in structure, clear on the boundaries of duties and responsibilities, accurate, and efficient. Build an open and competitive labor and employment system where firms and workers can have a two-pronged option, and an income distribution system where distribution according to work is the mainstay, alongside a variety of other ways of distribution and a sound and standardized job opportunities system.

Build a rigorous, scientific, standardized and comprehensive economic system of rules and regulations and an economic supervisory system.

The State Commission for Restructuring Economy paper stated that it is necessary to go further in creating a favorable environment for a nonpublicly owned economy in order that both the publicly owned economy and the nonpublicly owned economy can compete equally and develop jointly under broadly similar policy, legal, market, and social environments.

Depending on conditions, some state-owned enterprises can be placed on a joint-stock basis and divided into limited liability companies and limited holding companies. And, depending on the situation, the following methods can be adopted: Allowing an international controlling share [guo ji kong gu 0948 7139 2235 5140], the state buying into a shareholding firm, or letting a publicly owned legal entity become a shareholder. Some state-owned enterprises can pursue corporate operations and management. Through various types of restructuring, all enterprises belonging to other ownership categories, apart from a few state-owned enterprises in special industries, can enter the market and survive or be eliminated through competition.

The paper says that through a combination of adjustment and decontrol, with the emphasis being on decontrol, prices and charges for all commodities and services, except for a few important ones which will remain state managed, will be completely deregulated. Namely, prices will be determined by firms acting in accordance with the law of value and the relationship between demand and supply, and the prices of some commodities will move further and will ultimately converge with international market prices.

Bank's Rapid Growth Reflects Deng 'Influence'

HK0302021993 Hong Kong SOUTH CHINA MORNING POST in English 3 Feb 93 p 8

[Article by Geoffrey Crothall in Beijing]

[Text] While Coutts and Company of London has long been known as the Queen's bankers, the Huaxia Bank in Beijing is rapidly gaining a reputation as the Deng family's bankers.

Huaxia, a wholly-owned subsidiary of the giant Capital Iron and Steel Corporation, was established following a throwaway remark by paramount leader Mr Deng Xiaoping and is said to have the powerful backing of his eldest daughter, Ms Deng Lin. It was Ms Deng, an artist who is also in the steel business, who arranged her father's now legendary trip to Capital Iron and Steel on May 22 last year.

During Mr Deng's tour of the steel works, corporation executives complained that even though their company was one of the most profitable in China, it still had difficulty obtaining sufficient credit. Mr Deng's reply, according to one company source, was short and to the point. "Open your own bank then."

Just seven months later, on December 22, that is what Capital Iron and Steel did.

Huaxia, with a registered capital of one billion yuan (HK\$1.33 billion), is the first bank in China to be set up by an industrial corporation. It will focus primarily on commercial banking and trade finance with branches throughout China and overseas.

Ms Deng's exact relationship with the bank is unclear. She is said to have been one of the prime movers behind getting the bank up and running and is also said to be using the bank to finance several commercial projects. However, such claims are unconfirmed.

Ms Deng is known to be in close contact with several members of Capital's board of directors. In particular, she had regular meetings with the board's vice-chairwoman, Ms Zhao Changbai, one source said.

Analysts said the rapid establishment of the Huaxia Bank reflected the influence Mr Deng and his family had.

Agricultural Bank Signs \$19-Million Foreign Loan

HK0202062693 Beijing CHINA DAILY in English 2 Feb 93 p 2

[By staff reporter Wu Yunhe: "Agri Bank Signs \$19m Syndicated Loan"]

[Text] The Agricultural Bank of China yesterday concluded a deal with five foreign banks to introduce a syndicated loan for rural economic development in Shandong Province.

An agreement to borrow the \$19 million loan was signed between the country's leading agricultural bank, the Japan-based Long-Term Credit Bank, the Mitsubishi Trust & Banking Corporation, the San-In Godo Bank, the South Korea Export-Import Bank and the Korea Exchange Bank in Beijing.

The agricultural bank is expected to re-lend the syndicated loan to 14 projects in nine major cities and counties in Shandong, in East China.

At the signing ceremony, both Kazuhide Koshiishi, General Manager of the Long-Term Credit Bank's Hong Kong branch, and Duan Xiaoxing, Vice-President of the Agricultural Bank, agreed to broaden their cooperative fields this year, as China's economic reform deepens.

Koshiishi was the representative of the five foreign banking lenders.

The bank officials said with help of the foreign funds, the province's major industrial and tourism cities—including Jinan, Zibo and Taian—hope to burgeon their light industry, machine-building, textile and building material sectors in the rural areas.

They noted the projects will mainly use the syndicated loan to import advanced equipment from foreign countries.

It is the second sum of foreign money imported by the bank this year for the purpose of re-lending to the country's profitable projects in both the agricultural and industrial sectors.

The bank borrowed \$10 million in loans from Japan's Tokai Bank for the development of a cigarette manufacturing project in Shanghai's Pudong Development Zone in January this year.

This year, blossoming international cooperation, including foreign loans, overseas bond issues and more branch offices, is at the heart of the bank's bid to become more market-oriented.

By the end of last year, the bank lent at least \$2.8 billion in foreign exchange loans to its clients in China's countryside, representing a colossal increase of 83 percent from 1991.

Coal Conglomerate To Transfer 400,000 Miners

OW0202152093 Beijing XINHUA in English
1406 GMT 2 Feb 93

[Text] Beijing, February 2 (XINHUA)—A leading Chinese coal conglomerate has decided to transfer about 400,000 redundant coal miners to other industries in the next three years in a bid to improve efficiency.

Ma Deqing, an official with the China General Coal Corporation (CGCC), told XINHUA today that those coal miners, including 100,000 to be shifted this year to other industries, will be given other jobs.

With a government loan and self-raised funds totalling two billion yuan put aside for the program, CGCC plans to use 5,000-10,000 yuan (about 800 to 1700 U.S. dollars) for a coal miner shifted to other industries, including the tertiary industry and other businesses, said the official.

The program is based on how many jobs CGCC can give to those miners, Ma said.

CGCC also decided to develop a diversified business and tertiary industry so as to create jobs for the miners, build 100 coal mines which can produce 30 percent of its existing total coal output, develop coal markets and open wider to the outside world.

Pu Hongjiu, CGCC's vice-president, told the WORKER'S DAILY last week that the streamlining will benefit both the country and the coal miners involved if the miners are given proper jobs.

CGCC, which owns all the large and medium-sized coal mines in China except those in the northeast and Inner Mongolia and locally-owned coal mines, which are usually small, produced 365 million tons of coal in 1992, compared with the total coal output of 1,110 million tons China produced.

In order to reduce loss and make a profit, CGCC also plans to introduce the contract responsibility system, under which its branches which exceed the set profit target or reduce branch losses will be given material benefits equivalent to the savings.

CGCC also vowed to shut down inefficient and money-losing coal mines.

Ma said the central government will no longer give the planned 1.33 billion yuan in subsidies to CGCC this year.

China recently decided to lift all price controls on coal within three years' time and no longer subsidize the money-losing and overstaffed coal mining industry.

Machinery, Electronics Producers Boost Exports

OW0202130493 Beijing XINHUA in English
1243 GMT 2 Feb 93

[Text] Beijing, February 2 (XINHUA)—China earned more than 18 billion U.S. dollars in 1992 from its exports of machinery and electronics products, which ranked the industry as second, behind textile manufacturers, as the country's largest hard currency earner.

According to the Ministry of Machinery and Electronics Industry, China's export structure has become more favorable as the nation attempts to grab a larger share of trade on the international market.

An official from the ministry said the export of labor and material-intensive metal products registered a slight slide last year, while the export volume of more advanced products registered larger increases. These include such products as computers, telephones, cameras and motor bikes.

In 1992, the official said, many enterprises were trying to explore the international market while consolidating traditional markets. China National Machinery and Equipment Import and Export Corporation, for example, strengthened its share of markets in Pakistan and Bangladesh.

The corporation started new businesses in Indonesia, the Philippines and Malaysia. A contract for the export of a 320,000-kw power generating units to Pakistan, which was signed recently, marked the beginning of exports of large-scale equipment.

Meanwhile, China National Machine Tools Corporation opened repair shops in Hungary and the Netherlands to upgrade its post-sale services. The China Engineering Agricultural Machinery Corporation even set up a joint venture in Venezuela, which produces high-power tractors, and opened up sales in other Latin American countries.

Article on Material Supply Situation in 1993

HK0302091093 Beijing JINGJI RIBAO in Chinese
11 Jan 93 p 5

[By Chen Kexin (7115 0344 2450): "Three Main Characteristics of the Material Supply Situation in 1993"]

[Text] According to an analysis by experts of the Ministry of Materials and Equipment Information Center,

the macroeconomic movement trend in 1993 will be: Various economic indexes will continue to grow, in particular a trend of comparatively fast development will be maintained in fixed assets investment and industrial production, but the growth rate will drop to a certain extent. Under a high economic growth rate, the macroeconomic environment, which has been relatively relaxed in the past few years, will be gradually tightened. In 1993, the state will continue to make positive efforts to strengthen macroeconomic regulation and control so that a basic balance can be preserved in the general social supply and demand and no overall tension will appear. But the burdens for the main raw materials, communications, and transportation will become increasingly heavy. Affected by this trend in the macroeconomic situation, there will be three major characteristics of the national material supply situation in 1993:

1. The material supply situation will become tighter, but there will still be certain relaxations. In view of the arrangement of "preserving the growth rate of 8 percent and striving for 9 percent" for national economic growth, the gross industrial output value will grow by 12 percent, and the investment in fixed assets will reach 800 billion yuan, it is estimated that there will be a greater gap between material supply and demand in 1993. But in the tight situation, there will still be relaxations. In various categories: First, there will be a greater gap between the supply and demand for steel products, timber, cement, copper, aluminum, and motor vehicles in the domestic market. The supply and demand for these products can be balanced through the international market. Second, because of the restriction of production last year in order to reduce the overstocking of products and the gradual regrowth of the domestic market this year, a balance may be achieved in the supply and demand for chemical industrial products; and coal supplies are relatively sufficient, while mechanical and electrical products have a moderate market. However, super-quality timber and cement will be in comparatively short supply.

2. Prices will continue to be at a high level, but price growth will slow down. Because of the intensified relations between supply and demand and the formulation of the state's policies on price readjustment and relaxation and because of increasing costs, the prices of capital goods will continue to grow and will, in general, be at a high level. A considerably high growth rate may even appear in the prices of steel products for productive use, in the price of coal in the southern and coastal areas, and in the prices of some imported timber and cement. But in general, the growth of capital goods prices will slow down and the growth rate will not be higher than last year. The trend of increasing prices of steel products which appeared during last winter and this spring will be curbed. In some areas, prices will even go down.

3. The elastic coefficient of domestic resources supply will drop, but imports will increase. As a result of the high-rate economic development over the past year or so, most economic energy accumulated by reducing the

scope of development in the previous stage has been released. For example, the current social reserve of steel products has dropped to the lowest level in history. This year, it will be very difficult to rely on large reserves to maintain a high growth rate in the domestic economy. But as the connections between the domestic and foreign markets will be gradually increased in the future, the contradictions between material supply and demand can be resolved by increased imports.

Official Affirms Pollution Control Commitment

HK0302025593 Beijing CHINA DAILY in English
3 Feb 93 p 1

[Article by staff reporter Zhu Baoxia: "Ecological Protection the State's Top Task"]

[Text] The top official of China's National Environmental Protection Agency (NEPA) has vowed that urban environmental protection and industrial pollution control will remain the country's priority for both this year and next.

Qu Geping, NEPA administrator said in an interview with China Daily yesterday that the NEPA is set to launch a campaign to publicize environmental laws across the country, while pressing on with its anti-pollution programme.

"Education is as important as enforcement in protecting the national environment," he stressed.

The official pointed out that, at a time when a market-oriented economy is allowing enterprises to have more say in management, the central government—instead of relaxing surveillance—should further tighten its control over environmental issues.

He disclosed that some 50 State establishments that oversee environmental protection, industry, energy, agriculture, public health, education and foreign trade are jointly mapping out a China Action Programme for environmental protection in the 21st century.

The draft document is expected to be completed by June and then submitted to the State Council for final approval.

Qu believes the programme will play a significant role in preserving the country's environment, that by the end of the century pollution will be under control, that cities will be cleaner and that China's ecology greatly improved.

According to Qu, a nation-wide inspection of the implementation of the environmental laws and regulations will be launched later this year. It is being jointly organized by State establishments including the National People's Congress, the Chinese People's Political Consultative Conference and the State Council's National Environmental Protection Committee.

Provincial as well as some grass-roots environmental protection departments will be examined and inspected in line with State requirements. Individuals and units who have enforced the laws strictly will be commended while those who have violated State regulations will be punished.

Qu said China has so far set up four environmental laws, some 20 State regulations, as well as more than 200 national specific standards for protecting water, air and ecology.

A four-tier environmental inspection and administration network has been established across China, manned by a staff of 80,000 professionals.

Qu said an estimated 100 billion yuan (about \$17 billion), or about 0.85 percent of the country's gross national product will be invested in environmental protection projects between 1991-95.

Reform of Water Conservancy Discussed

HK0302045393 Beijing RENMIN RIBAO in Chinese
10 Jan 93 p 2

[Article by staff reporters Ling Zhijun (0407 1807 6511) and Huang Caizhong (7806 1752 1813): "Track Leading to Market—Review of and Thoughts on Reform of Water Conservation Projects in Past 14 Years"]

[Text] Today, China has finally made exceedingly great progress in the understanding of and decisionmaking on water. That is to say, it is heading toward the track of market economy. For China to have made such progress, the entire course of the reform of the water conservancy undertaking in the past 14 years was involved.

The role of water is particularly important today. In addition to its importance to agriculture, it also has an influence on the whole country's development. The latest understanding can be summed up in one sentence: Water conservancy is a fundamental industry in the national economy.

As far as China's water conservancy undertaking is concerned, the year 1992 was really a golden year.

Among conversation topics, the topic of water is becoming increasingly weighty. Water is vital not only to agriculture and rural areas, but also to industry and urban areas, to the fundamental industries of the entire national economy, and to social development. It has become part of China's overall strategy for economic and social development. Over the past year or more, there have been countless expositions of its importance. It was mentioned in the "Outline for the 10-Year Program for National Economic and Social Development and the Five-Year Plan," in the decisions of the Eighth Plenary Session of the 13th CPC Central Committee, in the Fourth and Fifth Sessions of the Seventh National People's Congress, in the National Conference on Water

Conservancy Reform in May 1992, and in the National Conference on Urban Water Conservancy Reform in October 1992.

The new understanding has led to new actions. Over the past year, the high tide for "eliminating flood disasters and building water conservancy works" has no longer been seasonal campaigns, nor has it been confined to some regions only. From the second half of 1991 to the first half of 1992, and then from the second half of 1992 to the winter, in cities and rural areas from the north to the south, the high tide surged almost everywhere. Massive projects have been launched to harness the Huai He, the Tai Hu, the Hangjia Hu, the Liangshui He, the Dongting Hu, and the Poyang Hu. Much more massive projects are under way: The Huang He's Xiaolangdi preparation project has been launched; the migration of people for the Three Gorges water conservancy project has been quickened; and plans are being made to direct water from the south to the north.... In the meantime, farmland water conservancy works and urban water source works have been started in many places. In winter, as many as 80 million people work in water conservancy sites every day. This means that one out of 15 people in China works in water conservancy sites.

We can say that in 1992, China had scaled the peak in the preceding 14 years.

However, the peak did not stand up there suddenly. Regarding thinking on the construction of water conservancy works, China has traversed a long and winding course. The period from the 1950's to the 1970's was once a golden period for China's water conservancy construction. The reforms since the beginning of the 1980's have inaugurated a new situation. We obviously could no longer continue taking water conservancy as politics and as welfare, nor should the state continue to undertake such projects and raise a hue and cry about it. Under this great situation, a new motivation for developing water conservancy undertakings is being fostered: Economic development is being stepped up and the need for water conservancy is growing at an accelerated rate. Agriculture needs water. Industry needs water. Energy production needs water. Cities need water. With a booming economy, we are now more watchful about floods. We can say that the question of water is mentioned almost everywhere in China today, while overall reform and opening up have paved a new way for the quicker development of water conservancy. Today, in addition to its importance to agriculture, water conservancy has become a fundamental industry in the entire national economy. This conclusion is the result of our review and explorations.

Water is a commodity. It does not have economic benefits or, therefore, long-term social and ecological benefits. As an industry, water conservancy demands that we establish new market economic mechanisms.

It is widespread in the Ministry of Water Resources that the World Bank willingly offered a loan to China for

improving its human and livestock water projects, but that the Ministry of Water Resources declined it.

Everybody knows that water conservancy needs money and that people are calling loudly for additional financial input for it. So why was the offer turned down? Government departments say we are unable to pay back the money so nobody dares accept the offer!

Water conservancy is a huge industry and almost all countries around the world make money from water. Yet this is not the case in China, where water is welfare, not a commodity. We should say that the benefits the water conservancy undertaking brings are enormous: The flood-prevention systems have kept the Huang He safe from disasters for over 40 years. Hydroelectric projects produce 20 percent of China's total electricity. Irrigation systems make it possible for two-thirds of the grain and three-fifths of the cash crops to grow on less than half the country's land. Water and soil preservation reduces soil erosion by tens of billions of tonnes....

We have invested approximately 80 billion yuan, and the direct economic returns have reached at least 800 billion yuan. That is, one unit brings a return of 10 units!

However, this good thing only does good to society. The water conservancy undertaking itself only does good for people, while at the same time creating difficulty for itself. Old and damaged water works remain in need of repair and renovation. Large and small rivers and lakes need dredging, embankments and dams need repairing, and silt needs to be removed. Four out of 10 of China's 80,000 reservoirs are in need of repair. Ditches and sluice gates have been either overused or discarded. New irrigation facilities cannot make up for those becoming useless.

At a time when the call for additional financial input is becoming increasingly loud and when many administrative methods are also being used, why is the effect so small? Because there is a lack of interest motivation behind the reduction of financial input, and benefit creation does not match benefit possession. This huge undertaking, which possesses 120 billion yuan in assets and over 20 million mu of land, is also the one that makes the greatest losses. As a result, many water conservancy workers do not get their pay on time.

How can an undertaking have the motivation for long-term development if it causes those who spend money on and toil for it to suffer?

The old way of using administrative methods to concentrate human and financial resources seems very effective these days, but in the long run it will become less and less so. China must thoroughly modify the guiding thinking for its water conservancy development in such a way that it suits the great trend of economic marketization. "One main industry with many kinds of operations," "using water conservancy to support water conservancy [yi shui yang shui 0110 3055 7402 3055]," "using sideline products to support water conservancy [yi fu yang shui 0110

0479 7402 3055]," and "using electricity to support water [yi dian yang shui 0110 7193 7402 3055]".... This series of principles, which has been implemented over the past dozen years or so, fosters a brand-new concept: Water is a commodity and a product! The water conservancy undertaking, without sufficient economic compensation, will not have long-term social and ecological benefits. At the May 1992 National Conference on Water Conservancy Reform, this understanding was summed up as establishing new mechanisms for water conservancy development. In October, following the 14th CPC National Congress, this understanding was further expressed as the need to put water conservancy on the track of socialist market economy.

Today, in a fairly large number of places, water conservancy has become an industry with huge interests. In Qingdao, water conservancy departments earned 10.02 million yuan in profits last year. In Shenzhen, water pipeline units alone earned a total income of 100 million yuan. Yangshan County, in the impoverished mountainous areas of northern Guangdong, is rich in hydroelectric resources. In the preceding decades, they were rarely exploited because nobody had the money. In the past two years, hydropower exploitation and development has become the most attractive investment here. Now the county has sufficient electricity and can supply others with surplus electricity through a large grid. Why has it developed so quickly? Because a new policy is in force in Guangdong: Electricity charges are subject to the market. Charges for electricity through the grid supplied from here are twice as high as those from other places. This policy makes hydropower development a profitable business. Therefore, investment keeps coming from the government, collectives, and individuals. Their subjective motive is to make profits and their objective motive is to quicken water conservancy development.

The problem of droughts and floods facing China today does not seem to be improving, but worsening. The most pressing point lies in the fact that the irrational water system makes the extremely inadequate water resources much more inadequate.

As the 1990's began, two things with far-reaching significance occurred in the water conservancy history of China.

The first was that the 1991 great floods in southern China brought such great harm that people still vividly recall today.

The second was the serious drought in northern China in 1992. During that time, urgent telegrams from various localities kept reaching Beijing. The lower reaches of the Huang He were dry for over 70 days. In response, the Ministry of Water Resources immediately ordered the Longpan Gorge Reservoir on the upper reaches to release more water than it normally did. Yet places along the Huang He were all faced with serious drought, and they turned their eyes to water from the Huang He. The Ministry of Water Resources then sent eight work teams

to the Huang He with the same mission: Guard the water sources and strictly forbid people from diverting the water supply to ensure that water from the Huang He can flow to the Shengli Oil Field at the mouth of the Huang He.

These two things prove that despite several decades of effort, the problem of droughts and floods facing China today has not improved, but is still worsening. In the past decades, China has had, on average, one great disaster once every three years and one or more less serious one every year. This causes 29 percent of China's cultivated land to suffer each year, with the result that it has its grain output thus reduced by at least 20 billion kg.

However, the greater loss lies in what people do not notice very much. That is the serious shortage of water resources. Here the shortage does not refer to natural disasters, but to the shortage of water resources under the normal climate and normal water-supply conditions. In 1992, of China's 467 cities, over 300 were short of water. Every day, they were short of 16 million tonnes of water. Water shortages all year round caused industries to earn 100-million-odd yuan less and rendered several hundred economic development areas unable to operate normally; and 14 coastal open cities all complained of water shortages. In addition, at least 80 million peasants in China do not drink enough water during drought spells, and several hundred million people cannot drink clean water.

China has a vast population and is short of water. Its per-capita water supply is only one-fourth of the world's average.

Nonetheless, as far as China's water conservancy undertaking is concerned, the most pressing problem is its irrational water-control and water-use systems.

Even today, when the water conservancy undertaking has taken a step on the road of the market, water is still the cheapest thing. The national average price of water in 1992 was 1 fen [one-hundredth of a yuan] per tonne, less than half its cost. How much was actually earned? Approximately half a fen.

In the huge market, there are tens of thousands of commodities. It is right and proper to earn back the cost of what you sell and pay for what you buy. However, it is also "right and proper" for something made at a cost of two yuan to sell at only one yuan with only half a yuan earned back. Who is willing to make such a deal except the water undertaking?

Such being the case, obtaining water charges is a rather difficult thing. Here a very popular formula applies: One is not justified in obtaining water charges, while the other is justified in not paying them.

The water consumption registration system, which has been legalized, is unexpectedly not enforced in many places.

That water seems worthless makes it uncherished. A simple fact is that the rate of water use for agricultural purposes is less than 50 percent, and the rate of recycled water use for industrial purposes is very low too. This makes the exceedingly inadequate water resources much more inadequate.

The road to the market is rough and bumpy, but China's water conservancy undertaking must keep advancing on this road, or else it will not have a bright future.

Here the most important thing is that we must come to a new understanding of water. We must have a new understanding of water resources departments and water conservancy workers. Moreover, society as a whole and the nation as a whole must have such a new understanding.

Preparations for Three Gorges Project To Start

HK0302052093 Hong Kong WEN WEI PO in Chinese
20 Jan 93 p 2

[Dispatch from Beijing: "Preparations Are To Be Made This Year for Starting the Three Gorges Project and Measures Are To Be Taken To Raise Funds"]

[Text] Beijing, 19 Jan (WEN WEI PO)—Following decades of debate and deliberations, it has been determined that preparations for the construction of the Three Gorges project will start this year. Funds will be raised through various channels, including bank loans and issuance of bonds and stock. Energy Vice Minister Lu Youmei disclosed that preparations for the construction of the Chang Jiang Three Gorges project will start this year.

Lu Youmei said: The State Council will set up a Three Gorges Construction Committee, the highest policy-making organ for the construction of the Three Gorges project. The China Chang Jiang Three Gorges Project Development Corporation, an economic entity for the construction of the Three Gorges project, will be established to undertake responsibility for the whole process of the construction, which will include pooling of funds, engineering, operation and management, and repayment of debts. Meanwhile, the Gezhou Dam Power Plant will be put under the administration of the corporation and become its fixed asset for further development. Lu Youmei said that funds for construction of the Three Gorges project should be mustered through various channels. The State Council has decided to increase the country's electricity charges by 0.3 fen per kilowatt and to readjust the electricity charges of the Gezhou Dam Power Plant. The money collected will be used as construction funds for the Three Gorges project.

Three Gorges Project Open to Foreign Bids

HK0202040493 Beijing CHINA DAILY in English
2 Feb 93 p 1

[By staff reporter Zhong Bu: "Three Gorges Project Opened to Foreign Bids"]

[Text] The world-famous Three Gorges Hydroelectric Project will be open to bids from both international and domestic contractors, official sources revealed in Beijing yesterday.

The Bidding will be organized by the China Yangtze Three Gorges Project Development Corporation.

In an interview with CHINA DAILY, Wei Xikang, an official with the corporation's preparatory office, said: "The socialist market economy requires that open bidding take place."

Part of the reform of the hydroelectric industry, Wei said, has involved open bidding for the construction of several medium-sized hydroelectric projects across the country over the past few years.

"Bidding proved successful in the construction of these projects and we will repeat the policy for the Three Gorges Project," Wei said.

The much-debated project, which was approved by the National People's Congress last April, will be divided into several phases. All phases will be open to bid and some of them to overseas bids, Wei said.

Wei told CHINA DAILY his corporation will be formally established "sometime this year," and will take responsibility for the construction of the Three Gorges Project and the management of the Three Gorges Hydroelectric Power Plant after the project is completed.

As an independent economic entity, the corporation will assume sole responsibility for its profits and losses.

Lu Youmei, now Deputy Energy Minister, will be general manager of the corporation, Wei revealed.

The corporation's preparatory office, headed by Chen Genyi, former deputy minister of the Ministry of Water Resources, has acted on behalf of the corporation since the preparatory office was set up in December 1984.

From 1984 to last September, the State, through the preparatory office, had invested more than 584 million yuan (\$100 million) in preparatory construction work of the Three Gorges Project, the official said.

The investment includes 190 million yuan (\$32 million) for the relocation of nearby residents, 150 million yuan (\$25 million) for preparatory construction, 130 million yuan (\$22 million) for surveys and design and 90 million yuan (\$15 million) for scientific research and international consultation.

This year, a further 100 million yuan (\$17 million) will be invested in the project through the corporation, Wei said.

"We are now making every effort to try to finish all preparatory construction work for the project by the end of 1994," Wei said.

the project involves the building of a 1,983-metre-long, 185-metre-high dam at Sandouping, 38 kilometres downstream from Yichang, in Hubei Province.

According to the feasibility report, it will require 57 billion yuan (\$9.9 billion) (a fixed budget based on 1990 constant prices), 18 years and 10.8 million tons of concrete to build the dam, which will have the world's most powerful hydroelectric plant with its total installed capacity of 17,680 megawatts. The plant will be capable of generating 84 billion kilowatt-hours annually. More than 1.13 million local people will be removed because of the construction of the project.

Tian Jiyun on Rural 'Well-To-Do Livelihood'

HK0202152293 Beijing ZHONGGUO XINWEN SHE
in Chinese 0908 GMT 15 Jan 93

[Text] Beijing 15 Jan (ZHONGGUO XINWEN SHE)—The way for rural China to realize "well-to-do livelihood" by 2000 can be generalized into: establishing two concepts, taking two roads, and realizing four combinations. State Council Vice Premier Tian Jiyun stated this in an article carried in the latest issue of ZHONGHUA YINGCAI [CHINA'S TALENT] published today.

Tian Jiyun said that first, it is necessary to establish the concept of a great agriculture by taking the road of the comprehensive development of farming, forestry, animal husbandry, sideline production, and fishery. Some comparatively developed coastal areas have precisely taken this road in agriculture. For example, Guangdong's Leizhou Peninsula has developed in all directions, with comprehensive development in farming, forestry, animal husbandry, sideline production, and fishery; as a result, the peasants' income was raised by a wide margin, with a per capita net income between 1,200 and 1,300 yuan. The whole country can refer to their experiences.

Second, it is necessary to establish the concept of the commodity economy and take the road of good-quality, high output, and high effects. This is an important channel to help the peasants get rich and realize the goal of "well-to-do livelihood."

At the same time, it is necessary to accomplish four combinations: First, combine farming, breeding, and processing. The combination of the farming, breeding, and processing industries will enable the appreciation of farm produce through processing; only then will it be possible to meet the demand of the domestic and overseas markets and improve the peasants' income by a wide margin.

Second, combine agriculture and industry with commerce. A great development of enterprises in townships and towns including enterprises in the private sector calls for a considerable portion of agricultural work force transferring to nonfarming industry to promote the raising of a large number of small towns so that they will

be scattered about in every direction as in the Zhu Jiang delta; probably that will be our future pattern.

Third, combine domestic and foreign trade. From now on it is necessary to let a considerable portion of farm produce occupy the world market; it is necessary to deepen foreign trade restructuring, and those enterprises with their products entirely for export will be supported in policy.

Fourth, combine agriculture, science, and education.

Tian Jiyun said, in his opinion, establishing two concepts, taking two roads, and doing a good job of the four combinations is the basic channel to realize the "well-to-do livelihood" in rural China, and this may be called the inevitable road.

On Problems Facing Rural Reform

HK0302060293 Beijing ZHONGGUO XINWEN SHE
in Chinese 0542 GMT 14 Jan 93

[Text] Beijing, 14 Jan (ZHONGGUO XINWEN SHE)—Interviewed by a reporter with the bimonthly journal ZHONGHUA YINGCAI [CHINA'S TALENT], State Council Vice Premier Tian Jiyun said: On the whole, the reform and development in China's rural areas in the 1980's substantially enhanced the agricultural productive forces and vigorously developed the agricultural commodity economy. On the other hand, however, some factors restricting agriculture and long-term rural development still exist, with a few of them being rather conspicuous.

Notes on the interview are carried in the latest issue of ZHONGHUA YINGCAI, to be published tomorrow.

Tian Jiyun said: First, there is the contradiction between the population growth and the decrease in land resources. China's total population will reach at least 1.28 billion this century, and 1.5 billion by the 2020's or 2030's, while the cultivated land resources will not increase. Although some new cultivated land is opened up every year, the total area of land under cultivation is reducing every year owing to the increased use of farm land for economic construction. By the end of 1990, the area of farm land had decreased by 18.54 million mu as against that in 1985, or an average yearly decrease of 3.71 million mu over five years. In addition, as a result of a substantial increase in the use of chemical fertilizer and a decrease in using green and farmyard manure, soil fertility has universally been reduced, and the ecological environment has somewhat deteriorated.

Second, there is the problem that peasants' incomes have grown slowly, and the income gap between cities and villages and between regions has expanded to a certain extent. Given the bumper harvests in agriculture reaped these years, peasants have made very small gains in their income, which recorded a mere 0.7 percent yearly increase between 1989 and 1991. With such a slow growth rate, it will be difficult to achieve a moderate prosperity in rural areas by 2000. The most direct cause

of the slow increase in peasants' income is the unreasonable price parities between industrial and agricultural products, which have led to the repeated widening of the gap between industry and agriculture, cities and villages, and coastal regions and hinterland over the past few years. The income difference between rural and urban residents in 1981 was 1:2.1. It reduced to 1:1.7 in 1984, but widened again to 1:2.2 in 1990. This not only affected the accumulation and expanded reproduction of rural funds, but also caused the rural market to shrink and the market for industrial products in rural areas to weaken.

Third, there is the problem of how to open up new avenues of employment for the immense amount of surplus labor in rural areas. At present there are more than 100 million surplus laborers in rural areas. If there are no outlets for them, the problems of raising agricultural economic results, of increasing peasants' incomes, and of achieving the objective of a moderate prosperity cannot be resolved.

Tian Jiyun added: Along with the repeated enhancement of the people's living standards, people's requirements for the quality of agricultural and sideline products are increasingly higher. At present, people are no longer satisfied with a simple diet just to appease their hunger. Instead, they pay attention to quality and nutrition and call for food which is less in quantity but refined in quality. Therefore, the people's consumption requirements have set newer and higher demands for agricultural development.

Tian Jiyun believes that the way to resolve the above-mentioned problems is to persist in following the "three unswervinglys":

1. Unswervingly stabilizing the responsibility system in production with stress on the contract responsibility system on a household basis with remuneration linked to output. This is the most basic factor for stabilizing the overall situation and for further promoting agricultural development.
2. Unswervingly intensifying the establishment of the rural socialized service system, improving the two-tier management system, and deliberately developing the collective economy.
3. Unswervingly developing township and town enterprises. This is the only way for peasants to head for a relatively comfortable life and realize agricultural industrialization and modernization.

Journal Interviews Tian Jiyun on Agriculture

HK0302081293 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 2, 11 Jan 93 pp 3-4

[Interview with Vice Premier Tian Jiyun with unidentified reporter; place and date not given: "Vice Premier Tian Jiyun Answers LIAOWANG Reporter's Questions

on Development of Agricultural and Rural Enterprises in China"—first two paragraphs are introduction]

[Text] China has achieved unprecedented success in agriculture over the past 14 years of reform and opening up. General Secretary Jiang Zemin stressed in the 14th CPC Congress report: Agriculture is the foundation of our national economy, and we must insist on giving priority to the development of agriculture. Attaching importance to and strengthening agriculture and comprehensively revitalizing the rural economy is still one of the major tasks of our reform and construction, which is still in progress.

A few days ago, State Council Vice Premier Tian Jiyun had a conversation with this reporter on such issues as rural reform, agriculture, and the development of township and town enterprises. Following are Vice Premier Tian Jiyun's answers to the questions raised by this reporter.

[LIAOWANG] The 14th CPC Congress decided to give priority to the development of agriculture. At present, what is the development focus of agriculture?

[Tian] China's agricultural achievements attract worldwide attention, but agriculture is still weak when serving as our national economy's foundation; thus we must continue to make strenuous efforts to strive to advance to a new stage as soon as possible. The next step of development cannot excessively concentrate on production relations, but must exert more efforts to develop productive forces. We must comprehensively bring into effect the spirit of the 14th CPC Congress and the decision of the Eighth Plenary Session of the 13th CPC Central Committee and deepen reform of the economic structure and of the operating mechanism in rural areas. However, the responsibility system with household contract as the main form and the two-tier operating mechanism combining unified management with independent management in rural areas must be treated as a basic system and be stabilized over a long period of time. We must vigorously promote a diversified economy and develop diverse rural socialized service systems. The collective economy in localities having the right conditions should be gradually developed and strengthened. The exposition of rural policies forwarded by the Eighth Plenary Session was quite clear, and this was formed by repeated investigations and studies. Hence, our next step of work is to redouble our efforts in firmly grasping the development of productive forces and in improving benefits.

[LIAOWANG] How can the work of improving rural benefits be accomplished?

[Tian] First, the standpoint of big agriculture must be applied to guiding agriculture. The so-called big agriculture is called in contrast with the planting industry; that is, agriculture, forestry, animal husbandry, sideline occupations, and fisheries must be comprehensively developed, and we cannot simply stress grain production. Benefits brought by forestry, animal husbandry, fisheries, and

sideline production may even be higher than that of grain. It is especially so in developing forestry because it not only brings ecological benefits but also economic and social benefits. Sideline production has very great potential, and in some localities there are very good prospects for developing household chicken coops, which are not so large in scale but which are far greater in scope than in the past for raising chickens by amateurs. The present rural development situation is better: A household raises on average some dozens of—over 100, or even up to 1,000—chickens, but taking a locality as a whole, this is a considerable figure. Many localities in western Guangdong raise chickens in forests, with the size of a chicken coop reaching dozens of mu and the number of chickens raised in the thousands. Apart from feed, the chickens eat wildlife and plants, and their excrement is used on the spot to grow trees, thus generating a beneficial cycle in which animal husbandry and forestry jointly develop. Chicken bred in this way is very tasty. Many localities in Henan vigorously raise cattle. They use cornstalks to feed cattle, and the cows' excrement will fertilize farmland, and the fertilizer effect is much better than when the farmland is directly fertilized with cornstalks. The practice of raising cattle with cornstalks is developing very quickly in such corn-growing areas as Henan, Shandong, and Hebei. Beef can be eaten directly and can also be processed into various beef foods, and cowhide can even be processed into various products. It seems that the practice of using cornstalks to raise cattle in farming areas in China will most probably become a big industry and become an important way to help villages get rich. Sideline production has very great development potential, so does the optimization of farm produce, and we should intensify studies in this respect.

Second, we must strive to develop agriculture with high yield, high quality, and high efficiency; and cannot merely talk about quantity. With a considerable quantity as the basis, now is the time to pay attention to quality. It is necessary to optimize farm produce. With improved quality, the value of the same quantity will also increase. Quality improvement on the basis of a considerable quantity is the requirement of the times. Now, early-maturing nonglutinous rice planted in the south is rarely eaten by people. Likewise, the old breed of apples are so small and difficult to store that they must be eliminated. Hence, as far as agriculture is concerned, we must attach great importance to high yield and high quality, and strive to achieve high yield, high quality, and high efficiency.

Third, developing agriculture in breadth and depth. Develop some new agricultural resources, including transforming medium- and low-yield farmland, increasing yield, and improving quality. In particular, we must pay attention to the comprehensive development of agriculture and to developing it in breadth and depth.

Fourth, it is necessary to attach importance to processing farm produce and to increasing its value. We must process farm produce, increase its value, and transform it on the spot, and leave the benefits of increase in value to

peasants, which will help peasants get rich faster and help rural areas move toward a relatively comfortable life and modernized development.

Fifth, it is necessary to make strenuous efforts to develop township and town enterprises, including tertiary industry. It seems that this is particularly important in areas in central and west China. According to concerned investigations and analyses, the present gap between east China and central and west China in terms of rural economic development mainly lies in township and town enterprises. According to the statistics of the total output value of townships and towns in 1991, areas in east China accounted for 65.7 percent and those in central China accounted for 30.1 percent, whereas those in west China merely accounted for 4.2 percent; in 1991, the gap between rural population in areas in east and central China in terms of per capita total output value was 1,858 yuan, of which 81.2 percent came from township and town enterprises. The gap between areas in east and west China is 2,247 yuan, of which 89.8 percent came from township and town enterprises. In 1991, the average per capita peasant income in areas in east China was 927 yuan, of which 24.4 percent came from township and town enterprises; the average per capita peasant income in areas in central China was 596 yuan, of which 18.3 percent came from township and town enterprises; and the average per capita peasant income in areas in west China was 566 yuan, of which township and town enterprises accounted for merely 11.6 percent. The average per capita income gap between peasants in east and in west China was 361 yuan, of which a difference of 161 yuan came from township and town enterprises, or 44.6 percent of the gap.

[LIAOWANG] This kind of disparity is really obvious. Then, how should areas in central and west China expedite the development of township and town enterprises?

[Tian] The key is to further emancipate people's minds and to break away from "leftist" interference in areas in central and west China. **First, it is necessary to bring up and recruit every kind of talent.** We must create an atmosphere and conditions for boldly recruiting talent, vigorously attracting talent, expediting the training of talent, and resolutely protecting talent. We must boldly select and employ all kinds of able rural people who dare to think and to act, who are good at management, and who have grown through practice. Even those who made mistakes in the past but who have certain specialties must be boldly employed, as long as their basic quality is good. They form the active element in developing a commodity economy in a socialist market economy, the pioneer in market economy, the representative of advanced productive forces in rural areas, and the forerunner leading the masses to rise out of poverty and to get rich. We must construct a bigger stage on behalf of these able people to enable them to fully release their own energy and to allow them to play a leading, exemplary, and backbone role in developing the commodity economy. We must use various forms to extract talented

human resources from society, and bring up and recruit qualified personnel, including specialized technical and management personnel who have left their posts or retired. We must treat the supply of qualified personnel to township and town enterprises as an honorable task of expediting rural socialist construction. We must combine it with organizational restructuring, bring into effect the principle of "small organization, large service" and adopt the policy of "opening the cage to set the bird free" and "pouring water into the fishpond to vigorously support and encourage those comrades who are capable and aspire to undertake economic and technical work to set up and to take the lead in initiating township and town enterprises.

We must encourage and recommend college and polytechnic graduates to work in township and town enterprises to fully bring their talent into play. We must keep advocating and supporting scientific research units, universities and colleges, technical and management personnel from state-run enterprises to move to township and town enterprises. We must encourage and support our society to run schools and to bring up qualified personnel for township and town enterprises. All localities and enterprises must formulate various preferential policies to attract talent and be determined to bring them into effect. Heavy rewards must be granted to outstanding scientific, technical, and management personnel making remarkable contributions to the development of township and town enterprises.

Second, it is necessary to carry out the basic principle of "moving on with multiple wheels and operating with multiple tracks." The development level of productive forces in areas in central and west China is relatively low, and a large amount of surplus labor in rural areas is still bound by land and lacks employment opportunities. Hence, these localities have to further lift restrictions on the pattern of ownership and give rein to the simultaneous development of all kinds of enterprises, such as those initiated by townships (towns), villages (villager groups), and households (individual and private traders), as well as joint stock enterprises (including joint-stock cooperatives), joint ventures, and foreign-invested enterprises. We should look at the development situation and benefits rather than impose restrictions on the proportion or the pace. Those "wheels" which turn faster should be allowed to turn at their own speed. In impoverished and backward localities in which the collective economy is very weak and conditions of setting up rural collective enterprises are lacking, we can give rein to developing individual, private, and joint-household enterprises and proceed to develop joint-stock cooperatives. We must strive to be impartial in policy implementation and to create conditions for equal competition, no matter what kind of economic component it is. Encouragement and support must be given to enterprises which develop faster and better amid competition, as long as they are lawfully run. Never can we apply the "theory of the unique importance of class origin" to the issue of the nature of ownership, and never can we discriminate

against, impose restrictions on, or even take strong measures against individual, private, and joint-household enterprises.

Third, it is necessary to develop superior industries in line with local conditions. Governments and concerned departments at various levels must proceed from the real situation of the areas in central and west China and from the requirements of expediting economic development to carry out state industrial policies and to create conditions and policy atmosphere favorable to exploitation of resources in line with local conditions. We must avoid, by all means, imposing uniformity. We can develop anything at the fastest pace without imposing any restrictions on the scale and speed, as long as it suits market needs, is guaranteed in quality, has benefits, does not pollute the environment, does not damage resources, and does not violate the law. Of course, when deciding on development plans and specific projects, we must proceed from real conditions to evaluate them carefully, to make decisions discreetly, and to strive for benefits; and must not rush headlong into mass action. As far as most of the localities in central and west China are concerned, we must vigorously and comprehensively develop "green enterprises" which are engaged in agriculture, in exploiting forest resources, and in transportation and storage of rural produce at multiple levels. We must start with tertiary industry, such as transportation, commerce, service trades, and tourism, and such industries as handicraft, mining, building and building materials industry, and labor export; and attach importance to labor-intensive and resources-processing enterprises to give play to our superiority and to avoid our shortcomings, and to develop industries with local superiority. We must comprehensively exploit and utilize water and hydroelectric resources, vigorously develop a water- and power-supply system at small and medium levels in localities and a water-supply system for townships and towns, thus providing local economic and township and town enterprises with energy and water.

Fourth, according to the law of social and economic development, areas in central and west China cannot take a path of "blossoming everywhere" and unrealistically undertake such activities as wiping out "blank villages" when developing township and town enterprises, and industrial enterprises in particular. Instead, they should proceed from the overall conditions, including market, resources, talent, communications, and energy, and mainly rely on the relatively concentrated development of existing towns, thus enabling the construction of township and town enterprises and of towns to make synchronous progress and to score dual achievements in the development of the national economy and of society. This helps give play to our superiority and helps us avoid our shortcomings and save energy, and contributes to rational distribution of industries and prevention of substandard repeated construction. In localities in which conditions permit, we can run, on a pilot basis, small industrial areas which rely on science and technology and which have a higher starting point, and use the

construction of these small industrial areas to promote the development of tertiary industry, including commerce, catering, and service trades. At a time when the development is relatively concentrated, we must also properly handle the relationship between concentration and decentralization. Some household handicrafts and service trades are not suitable for concentration, thus we should decentralize those which should be decentralized, and mobilize each and every household to engage in these trades.

Fifth, to intensify lateral economic ties, areas in central and west China must fully utilize the present industrial structure of coastal areas to upgrade themselves. They must also seize the golden opportunity and capitalize on the favorable conditions created by the opening up of provincial capitals and cities in the hinterland and along the border to open themselves up. They should utilize and give play to their own superiority to create a good environment to practice various forms of ties, such as those between east and west China, between cities and townships, and between state-owned enterprises and township and town enterprises. With west China being led by east China, townships being led by cities, and small areas being led by large ones, the goal is to mutually supplement each other's superiority, to be mutually beneficial, and to strive for joint development and improvement. Township and town enterprises in areas in central and west China must be willing to make concessions and must not fear "suffering losses"; and must vigorously cooperate with developed areas in east China, state-owned large and medium enterprises, third-line military industrial enterprises, colleges and universities, and scientific research units to practice economic and technical ties and to introduce funds, talent, technology, and equipment in such forms as decentralized and coordinated processing, technology transfer, and joint investment to help them advance to a new stage. Areas in central and west China must also seize the favorable opportunity and geographical superiority to vigorously develop export-oriented township and town enterprises—in particular, to develop border trade and cooperation; and areas in which conditions permit can initiate enterprises outside their boundaries.

Sixth, developing a market system. To expedite the development of a commodity economy, township and town enterprises in areas in central and west China must uphold the market orientation and vigorously open up the international and domestic markets, particularly the broad rural market. We must attach importance to market information, exploit resources and organize production in accordance with market needs, and transform resources superiority into economic superiority. Moreover, governments at various levels must pay attention to improving infrastructure, such as transportation and communications, and energy, to developing the markets of various factors of production and specialized markets. In particular, attention must be paid to developing trade markets in border areas.

It is necessary to break the monopoly, invigorate circulation, and vigorously encourage peasants and township and town enterprises to enter the realm of circulation. We must also vigorously establish and develop the markets of talent, technology, labor, capital, and other factors of production; and gradually link them up with the nationwide and world markets to form a large circulation and a large market, thus realizing efficient resources distribution. This can form a powerful circulation of people, commodities, and information to free township and town enterprises from the past predicament of painstakingly looking for everything from everywhere, and these enterprises will satisfy their respective needs in an increasingly perfect, fair, and reasonable market instead. With the market of factors of production, demand and supply directly face each other to realize optimized combination of factors of production and to generate new productive forces. As far as central and west China is concerned, such a market of factors of production is particularly imperative and important. A lack of capital is an important factor restricting the development of township and town enterprises in central and west China. Hence, the State Council has decided that from the beginning of next year until 2000, banks will arrange special loans every year for areas in central and west China to support the development of township and town enterprises. Moreover, we must also invigorate rural finance and open up broad investment channels for township and town enterprises.

[LIAOWANG] What you have just mentioned is largely the way which township and town enterprises in central and west China should develop. As for areas in east China in which township and town enterprises run better, how should they develop?

[Tian] When we stress expediting the development of township and town enterprises in areas in central and west China, we do not mean to boost west China at the expense of the east, to slow down or even to restrict the development of areas in east China, but to simultaneously urge areas in east China to improve and to expedite their development. Areas in east China must develop new- and high-tech industries and an export-oriented economy, take part in international market competition, and spare a part of the commodity market and some resources-processing and labor-intensive industries to shift to areas in central and west China, thus giving an impetus to the development of areas in central and west China. This is an inexorable law of economy development. Township and town enterprises in areas in central and west China, when developed, can also provide more products to areas in the east, thus creating conditions for developing an export-oriented economy and, at the same time, provide areas in east China with a vast market. Hence, the relationship between east, central, and west China mutually supplements each area's superiority, which has mutual economic benefits, and which allows joint development. We must use the development in east China to promote that in central and west China, and make sure that the

development in central and west China also contributes to the improvement of the east, thus realizing large-scale development and improvement of township and town enterprises nationwide.

'Gratifying' Agricultural Development Viewed
HK0302051893 Beijing JINGJI RIBAO in Chinese
6 Jan 93 p 1

[By reporter Zhang Zichen (1728 1311 5256): "Ministry of Agriculture Reports Gratifying Development in Rural Areas Last Year"]

[Text] China scored gratifying important results in its rural economy and agricultural production in 1992. According to statistics of the Ministry of Agriculture, China's gross rural social output value was 2,366 billion yuan in 1992, an increase of 465.6 billion yuan from the previous year, up by 24.5 percent; gross agricultural output value was 875.3 billion yuan, an increase of 30.1 billion yuan from the previous year, up by 3.6 percent, fulfilling 100.8 percent of the annual plan; the per capita income of the peasants was estimated to be 760 yuan, up by 4 percent from the previous year. The gross output value of enterprises in townships and towns was 1,500 billion yuan, up by 29 percent, of which gross industrial output value was 1,170 billion yuan, fulfilling 123 percent of the annual plan. The volume of exports delivered was 94 billion yuan, up by 40 percent from the previous year, the number of the employed was 100.1 million, fulfilling 131 percent and 107 percent of the annual plan respectively.

At the 5 January National Work Conference on Reform of Planning for Agriculture, Agriculture Vice Minister Chen Yaobang described the general situation in the rural economy and agricultural production in 1992 as follows: Production in farming maintained a certain momentum in development, animal husbandry and aquatic products industry developed steadily, enterprises in townships and towns continued to develop at a comparatively high growth rate; the peasants' income steadily increased, the rural industrial setup tended to be rational, and the rural economy enjoyed sustained prosperity. Viewing the conditions of farm produce, it was estimated that the plan was likely to be overfulfilled in gross output of grains, sugar, meat, and aquatic products; because of serious natural disasters, the production of cotton and edible oil crops was affected, with their gross output cut back by a wide margin, and the annual plan was not fulfilled. The specific conditions were as follows:

—Grains: The gross output was estimated to be 440 million tons, exceeding the annual plan index by 5 million tons, fulfilling 101.2 percent of the plan. There were three marked characteristics in grain production, namely: First, per unit output increased by a wide margin, and the increased was realized through improvement of per unit output; second, the production of summer grain crops played a decisive role in increases in the annual output of grains; and third, the

increased range of output of those disaster-afflicted areas was great; it was estimated that the gross grain output of Jiangsu and Anhui would increase by 8.42 million tons from the previous year, up by 18 percent, and the increased volume accounted for over 50 percent of the increased volume of those provinces, regions and municipalities whose output went up nationwide.

—Cotton: The gross output was estimated to be 4.7 million ton, down by 970,000 tons from the previous year, fulfilling 99 percent of the plan. The major causes leading to cutback in cotton output were: First, policy readjustment, with preferential policies in some areas abolished; and second, serious natural disasters in major cotton-yielding areas, with a cutback in the per unit output.

—Edible oil crops: The gross output was estimated to be 16.05 million tons, a drop of 340,000 tons from the previous year, fulfilling 99 percent of the plan. The output of rape seed and peanuts dropped, whereas sesame output increased somewhat.

—Sugar crops: The gross output was 85.75 million tons, an increase of 1.56 million tons from the previous year, fulfilling 114 percent of the plan; of which sugar cane output was 70.74 million tons, up by 2.84 million tons, and beet output was 15.01 million tons, a cutback of 1.28 million tons from the previous year.

—Meat: The gross output was 22 million tons, an increase of 1.7 million tons from the previous year, up by 5 percent, fulfilling 106.5 percent of the plan. And,

—Aquatic products: The gross output was 14.6 million tons, an increase of 1.06 million ton from the previous year, up by 8 percent, fulfilling 108 percent of the plan.

East Region

Shanghai To Maintain Economic Growth 'Momentum'

OW3101153193 Beijing XINHUA in English
1513 GMT 31 Jan 93

[Text] Shanghai, January 31 (XINHUA)—Shanghai, China's leading industrial center, will maintain the momentum of economic growth this year, said Mayor Huang Ju.

According to a plan the mayor announced, the gross domestic product will go up between 10 percent and 12 percent this year. The growth rate was 14.8 percent last year.

The mayor called on enterprises to pay more attention to the quality of products, economic results and market needs in the economic development.

According to the plan, the city's service trade this year will go up by 15 percent and its proportion in the city's gross product will rise to 35 percent; the industrial sales output value will increase by 15 percent; imports and exports will strive to top 11.2 billion U.S. dollars; the total volume of retail sales of social commodities will exceed 55.8 billion yuan; the investment in fixed assets will amount to 30.6 billion yuan; and financial income will reach 18.9 billion yuan.

Huang noted that products of the Pudong New Area last year went up by at least 20 percent over the previous year. Pudong is expected to take the lead in the city this year and form a government administrative system that suits the operation of a market economy.

The mayor analyzed the favorable conditions for Shanghai's fast economic development this year by saying the city has become a place for international economic and trading activities and it has benefited from the central government's guideline of stressing economic efficiency and guarding against overheating.

Besides, Shanghai has traditionally been in a better position in such areas as funds, industrial mix, and science and technology and "these are still working," the mayor said.

According to Huang, Shanghai will further accelerate the reform and opening policy and urban construction this year.

Shanghai plans to absorb up to 10 billion U.S. dollars from foreign investment and 20 billion yuan from other parts of the country.

The city will invest 10 billion yuan on infrastructural facilities this year.

Shanghai's Pudong Area Boosts Power Industry

OW0202132293 Beijing XINHUA in English
1237 GMT 2 Feb 93

[Text] Shanghai, February 2 (XINHUA)—The Pudong new area in Shanghai is boosting its power industry to pave the way for large-scale construction.

Pudong, an area of 500 sq [square] km which was made a development zone in April 1990, is at the center of a massive plan to transform Shanghai's economy.

The municipal power industry department plans to invest a total of 1.78 billion yuan in Pudong's power development this year, an increase of 52 percent over the previous year.

Construction on the Waigaoqiao thermal power plant, a key state project, and a number of large and medium-sized power transmitting and substation facilities, is proceeding well.

The Waigaoqiao thermal power plant has a designed installation capacity of 3.6 million kilowatts. Its first power generator, with a capacity of 300,000 kilowatts, is scheduled to go into operation in 1994.

Last year saw a number of power facilities set up in the Pudong area. Included in the Pudong development project were the 500,000-volt Yanggao substation, the 220,000-volt Yuanshen substation and three 220,000-volt transmission lines.

Shanghai Paper Views Political Structural Reform

OW0102112593 Shanghai WEN HUI BAO in Chinese
15 Jan 93 p 6

[Article by Wang Huning (3769 3337 1337): "Reform of the Chinese Political Structure: From the 13th to 14th CPC National Congress—Also on Deng Xiaoping's Thought on This Subject"; first three paragraphs are WEN HUI BAO introduction]

[Text]—The fundamental objective of China's reform is to liberate productive forces and bring into full play the superiority of the socialist system. Reform of the economic structure has enlivened productive forces and pushed them to unprecedented growth. Reform of the economic structure will certainly present a challenge to the political structure.

—Reform of the political structure should be carried out in line with the conditions of social development, and it also must catch up with the pace of social development and the people's subjective demands. It is important to institutionalize and formulate laws on reforming the political structure in a down-to-earth manner.

—Development of productive forces will certainly give rise to deeper changes in social relations and the social structure, which, in turn, without a doubt, will require us to take further steps in political structural reform

and to establish a political structure that meets the needs of developing a socialist market economy.

Reform of the political structure is an organic part of the entire undertaking of China's reform and opening up. Reform of the political structure and the economic structure are mutually related and mutually supplementary. They are an indispensable part of the great cause of China's socialist modernization. Since the Third Plenary Session of the 11th CPC Central Committee, China's political structure of the party and state has undergone several major changes; it is being perfected step by step. Along with the vigorous development of the national economy and the advancement of the modernization drive, reform of the political structure is becoming increasingly urgent. The 13th CPC National Congress established the basic objectives and orientation of political restructuring, thereby outlining a rough blueprint for political restructuring. After five years of development, people have become even more aware of political structural reform. At its 14th National Congress, the CPC, within the established overall framework of political restructuring, decided on the orientation of political reform in China and pinpointed the links that must be reformed first to meet the needs of developing a socialist market economy.

Liberation of the Productive Forces Requires Reforming Political Restructuring

Reform of the political structure was placed on the agenda from the first day reform was launched. Comrade Deng Xiaoping said: "The policy of reform we presented covers reform of the political structure." Because of historical circumstances, reform at that time can be said to contain the following two aspects: First, as a result of years of assault and sabotage during the "Cultural Revolution," the party and state political structure and socialist political principles—including principles of democratic centralism, socialist democracy, and inner-party democracy—were severely damaged and the political structure was unable to function normally. Numerous tasks remained after the "Cultural Revolution" ended. To build a stable political structure and form a new power and organizational structure, we had to start by rebuilding the political superstructure. These historical conditions presented, in a political sense, the political structuring task. To solve this question, some major steps, such as improving the democratic system, building up the ranks of cadres, and establishing party and state structures, were taken at that time. Through our efforts over the following years, we have by and large accomplished the goals in this regard. Conversely, after the policy of reform and opening up was adopted, we were in need of a vigorous and efficient political structure to lead and push forward the grand plan of modernization. Society and the economy, which have been forging ahead and causing changes day after day, are constantly setting new demands for a political structure that meets the needs of changes. This is particularly true after reform of the economic structure developed in an all-around way. Demands arising from the expansion of

productive forces have been growing stronger and stronger; they have now become the principal motivating force supporting reform for the political structure today.

The fundamental goal of China's reform is to liberate social productive forces and bring into full play the superiority of the socialist system. Reform of the economic structure has enlivened productive forces and pushed them to unprecedented growth. Reform of the economic structure will certainly present a challenge to the political structure. One of the major characteristics of China's old system is the integration of economic and political structures. Under the old structure of planning, highly centralized political power was exercised to directly administer social and economic operations. Such a structure is, obviously, not conducive to developing productive forces. The reform of economic structures envisions changes to this highly centralized planned economy. Evidently, after the economic structure has undergone tremendous changes, the political structure must adapt to these changes.

In June 1986, Comrade Deng Xiaoping formally proposed implementing political restructuring, making it a top priority in the next phase of development in China's reform and opening up. He pointed out: "Unless we reform the political structure, we will not be able meet the needs of the situation. Reform should include political restructuring; political restructuring should be made a hallmark of reform. We should simplify administration, truly delegate power to lower levels, and mobilize the initiative of the people and grass-roots organizations." "Reform of the political and economic structures should be mutually dependent and mutually coordinated. Economic restructuring will not succeed if we implement only economic structuring without political restructuring."

Under the guidance of Comrade Deng Xiaoping's thoughts on political restructuring and drawing on his collective wisdom, the 13th CPC National Congress set forth, rather systematically, the tasks of political restructuring in accordance with the objective requirements of China's progress in reform and opening up. It affirms the long-range goal of political restructuring as "building a socialist political system with a high degree of democracy and a complete set of laws—a system that is effective and full of vitality." The report of the 13th CPC National Congress, at the same time, affirms the immediate objective of reform as "instituting a system of leadership that will help to improve the efficiency, increase the vitality, and stimulate the initiative of all sectors of society." The reform of the political structure as affirmed by the 13th CPC National Congress is divided into seven sections: Separating party and government; delegating powers to lower levels; reforming government organs; reforming the personnel system relating to cadres; establishing a system of consultation and dialogue; improving a number of systems relating to socialist democracy; and strengthening the socialist legal system. Political restructuring is a complicated task that cannot be accomplished in one move, especially in a

large country like China. Therefore, while giving the task of political restructuring, the 13th CPC National Congress especially explains its long-range and immediate objectives, pointing out that the immediate objectives are rather limited, while the long-range objective—socialist democracy—can only be achieved with sustained effort.

Institutionalizing and Codifying Political Restructuring Into Law

Society and the economy have undergone rather rapid development for some time. Imbalances and dislocations resulting from this rapid development have gradually emerged, and social politics and ideology also experienced some disarray. As a result of various factors, a political disturbance that shook China's political scene broke out in 1989. This political disturbance signified certain instability in Chinese society. Under these circumstances, we lacked the conditions to vigorously push ahead with political restructuring. Political restructuring is a very sensitive and complicated task with extensive ramifications. Obviously, political restructuring cannot be carried out when we lack social and political stability. This political disturbance, it ought to be said, which affected the whole nation, delayed the progress of political restructuring, and we had no choice but to expend huge efforts to consolidate political stability and deal with domestic and external pressures. Nevertheless, people did not neglect political restructuring, because it is a prerequisite for economic development and the liberation of social productive forces. On 9 June 1989, Comrade Deng Xiaoping said: "We should continue and persist in implementing our set basic line, principles, and policies. Except where there is a need to alter a word or phrase here and there, there should be no change in the basic line or basic policy." In December 1989, Comrade Jiang Zemin reiterated that "political restructuring should be resolutely carried out." In 1991, he set forth the idea of "building socialist politics with Chinese characteristics."

These twists and turns in the course of reform and opening up have enabled people to acquire a full understanding of political restructuring. People directly have acquired an understanding of the following two points: First, it is necessary to vigorously punish corruption in society. During the period, the masses were extremely dissatisfied with the serious corruption in society. Such a situation could lead to social instability. With this problem in mind, we took some steps that focused on reform and building the political structure, including instituting systems among leading cadres holding government positions, particularly among those at central high levels. The party's Central Committee and the State Council adopted a "Decision on Accomplishing Several Tasks of Great Concern to the People in the Near Future" (July 1989). The decision strictly prohibits children of senior cadres from engaging in business, stipulates that children and spouses of senior cadres, including members of the Political Bureau, Secretariat, and Executive Meeting of the State Council, shall not be

allowed to assume posts in trading companies, that all senior cadres shall use Chinese cars, that leading officials' visits to foreign countries should be strictly limited, and so forth.

Second, it is necessary to advance the reform of the political structure in a balanced manner. The reform process also tells people that it is essential to advance reform of the political structure during the course of rapid economic development in society, but not to advance it too hastily or too radically. Moreover, the reform of the political structure must be advanced in sequence. Should we depart from a certain order and sequence, not only would we be unable to advance reform of the political structure, but we may also waste all previous efforts on other reforms and throw our society into turbulence and disorder. Reform of the political structure should be carried out in line with the conditions of social development, and it should also keep pace with social development and the people's subjective demands. The important point is to advance this reform in a down-to-earth manner by paying attention to the institutionalization and formulation of laws concerning the reform of the political structure.

The development in institutionalizing and formulating laws on the reform of the political structure over the past couple of years could be summarized in light of the following important aspects:

First, the development of a system for guaranteeing a citizen's democratic rights. Actual political life tells people that our political structure and legal system still have imperfections, such as an absence of specific legal provisions on demonstrations and some other basic social and political phenomena. While democracy should guarantee constitutional rights for every citizen, these rights must be exercised within certain legal limits. Therefore, we accelerated the formulation of laws concerning political rights for citizens. For instance, we promulgated the "Demonstration Law of the People's Republic of China" and the "Regulations for Administering Registration of Social Organizations" (October 1989), as well as the "Provisions on the Criteria for the People's Procuratorate To Directly Undertake Cases Involving Violations of a Citizen's Democratic and Personal Rights and Involving Dereliction of Duty" (November 1989). Another important advancement was the enforcement, beginning on 1 October 1990, of the "Administrative Procedural Law of the People's Republic of China," which gives legal protection to citizens and various social communities in their dealings with the government and enables any citizen, legal person, or other social organizations to file lawsuits against actions by administrative organs or personnel that violate their legal rights.

Second, the development of a basic political system. To further perfect the people's congress system, we drew up the "Representation Law of the People's Republic of China for the National People's Congress and Local People's Congresses at Various Levels" (April 1991) to

create excellent legal conditions for the people's congresses and people's deputies to exercise the powers entrusted to organs of state power.

Third, the development of the system of multiparty cooperation. The "Opinions of the CPC Central Committee on Adhering to and Perfecting the System of Multiparty Cooperation and Political Consultation Under the Leadership of the CPC" (December 1989) were adopted to strengthen the system of democratic consultation and multiparty cooperation. The opinions require that major leaders of the CPC Central Committee invite their counterparts from the democratic parties, along with nonparty representatives, to regular democratic consultation meetings, as well as to small-scale, high-level, heart-to-heart talks and informal discussions, depending on current needs, to give briefings or to exchange important information, listen to policy-related suggestions, or discuss issues. These provisions have been fulfilled throughout the past few years. Furthermore, there were proposals that democratic party and nonparty representatives be guaranteed a certain number of seats and leading offices in people's congresses at various levels, and be recommended for leading positions in governments and judicial organs at various levels, and so on and so forth.

Fourth, the development of a social democratic structure. The promulgation of the "Trade Union Law of the People's Republic of China" (April 1992) could be called an important development of the social democratic structure. It provides a clearly defined legal norm for grass-roots trade union activities.

Fifth, the development of a political supervision structure. Political supervision remains a major problem in China's social development, and checking corruption is a major issue that has concerned political stability throughout the course of economic development. We witnessed clear efforts at political restructuring to tackle this problem. The "Decision of the CPC Central Committee on Strengthening Ties Between the Party and the Masses of the People" (March 1990) stresses that we should "deepen reform of the economic and political structures" and "advance the building of socialist democracy and a socialist legal system amid the deepening of political restructuring." The decision also demanded the "establishment of a democratic and scientific procedure for policymaking and implementation," and it clarified that "major policy decisions on state affairs should be turned into the will of the nation by the people's congresses and governments through legal procedures."

In light of the serious political corruption and strong discontent among the masses in the period, the "Decision" particularly emphasizes the question of combating and controlling corruption. During this period, specific implementation measures and norms were also formulated, including the "Regulations of the Supreme People's Procuratorate on Protecting the Citizens'

Informing Rights" (May 1990), "Measures for Investigating and Handling Political Disciplinary Cases by Supervisory Organs" (November 1991), "Measures for Handling Appeals to Administrative Action by Supervisory Organs" (November 1991), "Measures on Informing by Supervisory Organs" (December 1991), and "Regulations of the Supreme People's Procuratorate on Exemption of Prosecuting Corruption and Bribery Cases" (December 1991). All these regulations have helped gradually make the system of political supervision more systematic.

Sixth, reform of government organizations. In 1991, on the basis of experimental structural reform conducted at the county level, the central authorities decided to extend the reform to Hubei, Inner Mongolia, and Shaanxi, where supporting reforms were carried out from the top to the bottom. In addition, the number of cities and counties selected for the experiment has also increased in some provinces, municipalities, and autonomous regions. The basic guidelines followed in the experiment are separating party and government functions, separating government functions from those of enterprises, streamlining and unifying structures, and improving efficiency. Spurred by Comrade Deng Xiaoping's talks during his inspection tour of southern China, the pace of organizational and political structural reform was accelerated in the first half of 1992. It was believed that organizational reform must proceed in accordance with the guidelines mentioned above. Organizational reform measures were considered at five levels: the central, provincial, prefectural (city), county, and township levels. At the same time, it was also determined that conditions were ripe for the establishment of a national civil service system, and that steps should be taken to accelerate this establishment. Reform in all these fields should be carried out in several stages and at different levels, and it should be completed in several years. In some areas, the civil service system has been established on a trial basis, and the grade of cadres hired through public recruitment has reached the bureau level. Methods and techniques have been developed to institutionalize democratic evaluation of cadres.

On the basis of progress made, as described above, the 14th National Party Congress further specified that the objective of political restructuring is mainly to improve the system of people's congresses and the practice of multiparty cooperation and consultation under the leadership of the Communist Party and to develop socialist democracy. In this congress, Comrade Jiang Zemin specifically defined the role of political structural reform in the entire course of socialist modernization. He said: "In the last 14 years, adhering to the basic line of the party, we have been building socialism with Chinese characteristics through reform and opening to the outside world and through the liberation and development of the productive forces. In view of the deep and widespread social changes that have taken place, we can truly say that we have begun a new revolution, the objective of which is to fundamentally change the economic structure

that has hampered the development of the productive forces and to establish a new and vigorous, socialist economic structure. At the same time, we have been carrying out a corresponding reform of political and other structures to realize the socialist modernization of China." He proposed that a principal task of reform and development in the 1990's is to actively push forward reform of the political structure and promote great advances in socialist democracy and in the legal system. He called for the resolve to reform the administrative system and the organizational structure so as to cause a change in their functions, straighten out their relations, simplify administration, and improve efficiency. The 14th National Party Congress also decided to carry out a major reform of the political structure: the Central Advisory Commission would cease to exist. Thus, it has become apparent that China's political structural reform has made great advances whenever conditions are ripe. However, measured by the pace and needs of social development, the reform must still be pushed forward.

Socialist Market Economy and Reform of the Political Structure

After more than 10 years of exploration and practice, we have become more determined that in the course of socialist modernization, we must continue to carry out reform of the political structure and establish a political structure compatible with the development of the productive forces. Pushing forward reform of the political structure means that liberating the social productive forces is dictated by the need of socialist modernization and is determined by the law of development of the history of mankind. This understanding conforms with the basic tenet of historical materialism: changes in the relations of social production and in economic relations require corresponding changes in the political superstructure. Reform and the opening up have led to unprecedented development of China's social productive forces. We must reform society's political and power relations to suit and propel development. The 14th National Party Congress has defined the objective of China's economic restructuring as the development of a socialist market economy to facilitate further liberating and developing the productive forces. This will inevitably bring about great changes in the economic structure and further develop the social productive forces. Development of the productive forces will certainly give rise to deeper changes in social relations and the social structure, which in turn, without a doubt, will require us to take a further step in political structural reform and to establish a political structure that meets the needs of developing a socialist market economy.

Through the practice of reform of the political structure in the past several years and the advancement of social development wave upon wave, people have gained a more rational and scientific understanding of the reform of the political structure in China. Those gains can be summarized as follows:

1. The advancement of socialist modernization will certainly promote the development of democratic politics. The development of socialist democratic politics is a logical conclusion reached through analyzing the historical trend with historical materialism, and it is an essential requirement for the socialist system and also a necessary demand of China's socialist modernization. Therefore, the development of democratic politics is the basic goal of China's political development. In his report to the 14th CPC National Congress, Comrade Jiang Zemin concluded: "The goal of the reform of the political structure is to develop socialist democratic politics with the improvement of the systems of people's congresses and multiparty cooperation and political consultation under the Communist Party's leadership as the main contents." The establishment of a foundation for long-term social stability, the formation of a system of making policy decisions democratically and scientifically, and the mobilization of all forces in the society for the building of modernization all require an effective development of democratic politics. The development of democratic politics must go through a certain course, but the final goal should be the establishment of a democracy which is more democratic and practical than other forms of democratic politics in the world.

2. The reform of the political structure is to promote the development of the productive forces. China's reform of the political structure has a long-term goal, as well as a short-term goal. Under the present conditions for social and political development, the reform of the political structure should be conducive to liberating and promoting the development of productive forces, to advancing the building of socialist modernization, and to developing a socialist market economy. The reform of the political structure naturally has its own goal. However, at the present stage of development in our country, the development of socialist modernization is the most effective way to promote political development. Without the development of social productive forces, we can hardly achieve success in carrying out the reform of the political structure. The reform of the political structure in our country must always adhere to this direction, and we must consider the development of productive forces as a criterion in planning and implementing the reform of the political structure.

3. The reform of the political structure is to improve and develop the basic political system. The basic goal of the reform of the political structure in our country is to improve and develop the basic political system, and not to change it. No matter what problems the political structure may have, we must improve these problems within the scope of our basic political system. In other words, we should develop a political structure with Chinese characteristics which suits the national situation in our country, and must not simply model ourselves on or copy the political system of other countries. Talking about the logic of political science itself, the political system of different countries is not interchangeable, because a political system is derived from certain historical, social, and cultural conditions and cannot be

selected as one pleases. The present political system in China has been formed through a historical course. In the process of political development, attention must be paid to political stability in the society. Stability of the basic political system is an important condition for insuring stability in the society.

4. The reform of the political structure should promote a stable political environment. The development of China's society has shown us that, without a stable political environment, we cannot effectively and steadily promote modernization in our country. This is not only a conclusion of China's historical development, but is also an important enlightenment of the historical development of most developing countries. In carrying out the reform of the political structure, we must pay close attention to the following two points: 1) the goal of the reform of the political structure is to promote political stability; and 2) political stability can only be protected by the improvement of the political structure. In fact, political stability is a condition for social and economic development; on the other hand, political stability is also a necessary condition for carrying out the reform of the political structure. In an unstable political environment, we cannot carry out the reform of the political structure, and this is quite apparent.

The 14th CPC National Congress called for continuing carrying out reform of the political structure and also set the goal of building a socialist market economy system. The cultivation and development of a socialist market economy system will certainly set new demands on reform of the political structure. In raising the question of reforming the political structure, people will realize that there is a long-term objective, as well as an immediate objective, for political restructuring. The long-term objective is building a socialist democracy. The immediate objective is to continue reforming the political system in accordance with social, economic, and cultural development so as to make the political system meet the needs of social development. The continuous setting of immediate objectives and their fulfillment mean moving closer to the long-term objective. The realization of the long-term objective is a process which needs a considerably long period of time to accomplish. During the stage of economic development in which the process of modernization has begun, it is more realistic to gradually push ahead the reform of the political system in accordance with the demands of social development. This is because the development of the productive forces and rapid economic development will finally create the necessary condition for the society to fulfill the long-term objective. Therefore, as our development as a whole today is moving toward the long-term objective, we should scientifically and rationally define our immediate objectives of reform of the political system in accordance with the needs of the development of a socialist market economy. We should earnestly and effectively push ahead the reform of the political system so as to promote the emancipation of the productive forces and the reform and opening up as a whole.

On the basis of this general judgment, we can say that the major development of a socialist market economy requires that in conducting reform of the political system, we should pay attention to the following three relationships: the first is the political power relationship; the second is the administrative power relationship; and the third is the social power relationship. The demands set by social development on the political power relationship are: balancing the division of interests caused by a drastic change of the social structure; effectively synthesizing the various demands emerging in the course of social development; coordinating various political relationships in order to preserve the trend of political stability; and formulating rational and proper policies to make sustained progress in the course of social modernization in accordance with the general objective of social development. The demands on the administrative power relationship are: in harmony with the objective demand of social development and the political strategic objective determined by social development, the government should demonstrate its best administrative capabilities and skills and push ahead social development forcefully and creatively in a balanced way. The demands on the social power relationship are: cultivating a balanced and stabilized mechanism for power relationship in the course of social development to ensure harmony in social life and in the hearts of the people, thereby laying a solid foundation for social order. To meet these demands, we should first pay attention to the following: 1) improving the system of people's congresses in order to make these fundamental organs of political power play a greater role in the political life of the state and to become the major structural part of a social democracy; 2) improving the system of multiparty cooperation, forming a modern political party system required by the development of modernization, and building a better system of leadership by the ruling party; 3) setting the function of the government, defining the basic contents of the overall functions of the government, and ensuring that the government can actually carry out its functions; 4) practicing the system of public servants and establishing a high-quality and procedural public personnel management system, which is indispensable to the development of modernization; 5) simplifying government organs and forming a highly efficient, flexible, and low-cost government system; 6) expanding democracy at grass-roots levels so as to form a fairly extensive realm of autonomy at the grass-roots level of society; 7) strengthening the mechanism of supervision and establishing a complete and multidirectional system of supervision to ensure that public power and the power of various major bodies are properly exercised; 8) optimizing the mechanism of policymaking so as to form a social organic mechanism capable of making policy decisions in the most scientific way; 9) strengthening the legal system and giving legal form to the reforms and development which prove useful to society, so as to form a new order; and 10) balancing various political relationships, such as the relationship between political parties and the government, between the central authorities and the local authorities, between

the government and enterprises, between the individuals and the society, between the state and the society, and between China and other countries. In fact, in the past few years our reform of the political system has been conducted in the ways described above. Today, we should, however, be more aware of this reform and take greater initiative to push ahead this process more systematically.

Central-South Region

Guangdong Invests in Infrastructural Projects

OW0102125093 Beijing XINHUA in English
1146 GMT 1 Feb 93

[Text] Guangzhou, February 1 (XINHUA)—Infrastructural facilities in south China's Guangdong Province have markedly been improved, thanks to the heavy investment made by the province over the past year.

According to the Guangdong provincial government, the province invested 67.2 billion yuan in 37 key infrastructural projects last year, 40.5 percent more than in the preceding year.

Some of the project are still going on and some have gone into operation.

The province added one million kw [kilowatts] of power generating capacity as a new generating unit at the Shajiao Power Plant and another at the Qingxi Hydropower Station and three generating units at the Tiantangshan Water Conservancy and Power Project went into operation.

The province also completed 90 percent of a 500,000-volt nuclear power transmitting line, opened 1,104 kilometers of highways, raised its port handling capacity by another 1.13 million tons and completed the construction of the Huizhou section of the Guangzhou-Shantou railway.

An optical cable line from Nanjing, the capital of Jiangsu province, to Guangzhou, the capital of Guangdong Province, was completed.

In addition, the province added 1.04 million lines of telephones.

The improvement in Guangdong infrastructural facilities is expected to go a long way to accelerate the realization of the goal of modernization in the province in 20 years.

Foreign Investment Trends in Guangxi Viewed

HK0102140693 Nanning Guangxi People's Radio
Network in Mandarin 1130 GMT 28 Jan 93

[Text] A speedy growth trend of foreign investment in the region has now emerged. In 1992 the number of

newly registered foreign-invested enterprises, total contracted investment, and registered capital had 1.92-fold, 2.11-fold, and 2.57-fold increases respectively over the preceding decade. Statistical data show that these newly registered foreign-invested enterprises have the following characteristics:

First, they are mainly concentrated in the industrial sector and account for 68 percent of the total. Second, foreign businesses are mainly from Hong Kong and account for 77.5 percent. Other businesses, in order of importance, come from Taiwan, Macao, the United States, Japan, Thailand, Singapore, and Canada. Third, investment areas have extended from coastal areas to border areas and from plains to mountainous areas. Investment is now made in counties like Xilin, Duan, and Nandan where there was no foreign investment before. Fourth, the scope of investment is getting increasingly wider: In addition to industry, investment is also made in agriculture, forestry, livestock farming, fishery, water works, construction, communications, post and telecommunications, the catering trade, materials supply and sale, and so forth. Fifth, real estate development has become a very attractive item for foreign businesses. The total investment of newly registered real-estate enterprises across the region reached \$780 million, representing 28 percent of 1992's total foreign investment.

Hainan Elects Governor, Vice Governors

OW0302093793 Beijing XINHUA Domestic Service in Chinese 0808 GMT 3 Feb 93

[Text] Haikou, 3 Feb (XINHUA)—The First Session of the First Hainan Provincial People's Congress, which was held today, elected Comrade Ruan Chongwu [7086 1504 2976] as the governor of Hainan Province; and elected Comrades Wang Xiaofeng [3076 0876 7364], Chen Suhou, Mao Zhijun, Wang Xueping, and Liu Mingqi [0491 0682 0796] as vice governors.

The session also elected Du Qinglin [2629 7230 2651] as chairman of the Hainan Provincial People's Congress Standing Committee; and elected Pan Qiongxiang, Wei Zefang [7279 3419 5364], Yang Wengui, Wang Xintian [3769 0207 3944], and Wu Kuiguang as vice chairmen of the Standing Committee.

Background on Ruan Chongwu

OW0302112593 Beijing XINHUA in English
1116 GMT 3 Feb 93

[Text] Haikou, February 3 (XINHUA)—Ruan Chongwu, minister of labor, was elected governor of Hainan Province at the First Session of the province's First People's Congress here today.

Ruan was born in 1933. He was appointed minister of labor in 1989. Before that, he became deputy secretary of the Shanghai Municipal Party Committee in 1983 and then executive vice-mayor of Shanghai. He was

appointed minister of public security in 1985 and vice-minister of the State Science and Technology Commission in 1988.

Meanwhile, Wang Xiaofeng, Chen Suhou, Mao Zhijun, Wang Xueping and Liu Mingqi were elected vice governors.

At today's session, Du Qinglin was elected chairman of the Standing Committee of the province's First People's Congress.

Southwest Region

Sichuan Secretary Attends Consultative Meeting

HK0202110193 Chengdu Sichuan People's Radio
Network in Mandarin 2300 GMT 29 Jan 93

[Excerpt] On the afternoon of 29 January, the Sichuan Provincial CPC Committee invited various democratic parties, persons in charge of various mass organizations, representatives of personalities without party affiliation, and relevant persons in charge of relevant provincial departments to a democratic consultative conference in Chengdu. At the conference, they were consulted in a democratic way on the suggested lists of to-be-elected constituent members of the provincial people's congress, governors and vice governors of the provincial people's government, constituent members of the standing committee of the CPPCC provincial committee, chief procurator of the provincial people's procuratorate, president of the provincial people's higher court, and suggested provincial deputies to the Eighth National People's Congress following the first session of the eighth provincial people's congress and the first session of the seventh CPPCC provincial committee. Provincial CPC Secretary Yang Rudai presided over the conference.

Provincial CPC Deputy Secretary Xie Shijie gave an explanation of the above proposals for personnel arrangements and the suggested lists of personnel. In the explanation, Xie Shijie briefed on the policy and principles for the new election arrangements, the major process of personnel arrangements, the course of nomination, and the suggestions and proposals regarding the provincial leading groups, new personnel arrangements, and candidates. Xie Shijie pointed out: The current work for the new personnel arrangements must be guided by the spirit of Comrade Deng Xiaoping's important remarks and the 14th CPC National Congress, fully carry forward democracy, and strictly act in accordance with laws. [passage omitted]

Yunnan Officials Defend Border Trade

HK0202034093 Hong Kong SOUTH CHINA
MORNING POST in English 2 Feb 93 p 5

[Report by Daniel Kwan]

[Text] Yunnan Government officials yesterday defended the province's border trade with Burma and other Asian

countries, saying the booming business of the landlocked province must not be sacrificed in the name of prevention of drug trafficking and AIDS.

Admitting that the province has witnessed a significant rise in drug addicts and AIDS victims in recent years, Mr Liu Jing, Director of Foreign Trade, said Yunnan must continue to cultivate border trade with its neighbours.

However, Mr Liu said border trade should not compromise efforts to crack down on drug trafficking.

"The development of border trade has its pros and cons. I believe it (border trade) has more virtues than defects. The question is how to find a balance," he added.

The dramatic increase of border business, Mr Liu said, was partly due to the south China tour made by paramount leader Mr Deng Xiaoping early last year.

According to Mr Liu, Yunnan province last year registered a 43 percent increase in border commerce mainly with countries such as Burma, Laos, Thailand, and Vietnam and the total volume soared to more than 2.2 billion yuan (HK\$2.94 billion).

Mr Liu indirectly blamed foreign drug dealers for taking advantage of ignorant Chinese peasants in using them to smuggle drugs to the international market.

"First I must stress that there is no drug plantation in Yunnan. They (the drugs) all come from other countries. Second, we are committed to cracking down on cross-border drug trafficking," he said.

"And if any one of you takes a look at contemporary Chinese history, then you will see that China has almost become a colony of foreign powers because of drugs," said Mr Liu.

"No one should have any doubt that we have learned a painful lesson," he added.

Mr Huang Xinhua, deputy director of the provincial Foreign Affairs Office, admitted that drug smuggling had become rampant in cities such as Ruili on the Sino-Burma border and the Pingyuan area between China and Vietnam.

According to Mr Huang, while the province's official records showed that only six million to seven million travellers crossed the borders last year, the real flow of traffic could be as high as 10 million.

"Some of the records were just a simple signature and most of these travellers didn't need any passports, so the figure could be much higher," he said.

He said due to widespread drug addiction in Ruili, significant numbers of the local population were also AIDS victims.

He said the AIDS problem was serious in Ruili partly due to the sharing of needles among drug addicts, but claimed the problem was largely confined to rural areas.

In spite of recent reports that coastal cities such as Guangzhou had imposed extra medical checks on foreign travellers for AIDS, Mr Huang said he was not aware of such practices in Yunnan.

North Region

Beijing Technology Zone Attracts Foreign Funds

OW0302083193 Beijing XINHUA in English
0753 GMT 3 Feb 93

[Text] Beijing, February 3 (XINHUA)—The Beijing experimental new technology development zone has experienced a big influx of foreign investment.

The zone, the first of its kind approved in the country, occupies 100 sq [square] km in the western part of Beijing. It has been designed to develop such high technology as electronics, information, machine-building, new materials, refined chemicals and biological engineering.

More than 160 foreign-funded enterprises entered the zone in 1992, exceeding the total for the previous three years, according to an official from the zone.

The investors mainly came from the United States, Japan, Germany, Britain, Singapore, Hong Kong and Taiwan.

The official said that at a trade fair held in Hong Kong last November the zone signed 16 contracts with foreign businessmen, involving a total foreign investment of 57.48 million U.S. dollars. They included agreements signed with Japan's National and Hitachi on building a high technology base in the zone.

Beijing Leases State-Owned Shops to Individuals

OW0202050193 Beijing XINHUA in English
0355 GMT 2 Feb 93

[Text] Beijing, February 2 (XINHUA)—Beijing commercial departments have leased out more and more small state-owned shops to individuals for independent management.

So far, more than 3,000 small shops have been leased out to individuals for management. The number accounts for more than 40 percent of the total state-owned stores in the capital city.

Beijing commercial departments have more than 7,000 small stores, with about 250,000 sales clerks.

The private individuals who have taken over the stores have to provide their own capital and hand over a certain amount of their profits to the state every year.

Xisi Lane had a snack bar that used to make only small profits. After renovation last year, the lane was given a possibility for business expansion and it invited bidding for leasing. Now, more than 20 privately run snack bars

leased sites along the lane for making and selling dishes of local flavor. These shops are all profitable.

Hebei Sets 1993 Economic Development Plan

SK2901063193 Shijiazhuang HEBEI RIBAO in Chinese 27 Dec 92 pp 1, 2

["Excerpts" of report by Ye Liansong, executive vice governor of the Hebei provincial government, given at the provincial planning conference on 26 December]

[Text] The Current Economic Situation and an Analysis of and the Prospects for 1993 Development

Since the beginning of this year, the province has taken Comrade Deng Xiaoping's important talks during his tour of south China and the plenary session of the Political Bureau of the CPC Central Committee as a sign and has noticeably accelerated the pace of reform, opening up, and economic development. Preliminary calculation show that the gross national product [GNP] increased more than 10 percent over the previous year and that a basic pattern of rapid national economic increases took shape. The economic operation generally has the following few special features:

First, investment in fixed assets rose. In the first 11 months of this year, the investment in fixed assets of state units increased by 50.6 percent over the same period of 1991 after peaking in 1983. This year, the province noticeably strengthened the preparatory work for large and medium-sized projects. Ten of the province's large and medium-sized projects were listed in the state's Eighth Five-Year Plan, and 20 projects passed the state consultation assessments.

Second, industrial production increased rapidly, and economic results improved noticeably. In the first 11 months of this year, the output value of industries at or above township level increased by 16.3 percent over the same period of last year. Along with the rapid increase in industrial production, economic results noticeably improved. The major targets covered in the "55391" program defined at the beginning of the year were fulfilled. Most of the benefit targets were higher than the national average levels.

Third, the province made a breakthrough in opening to the outside world. In the first 11 months of the year, the province signed 1,685 contracts on running three types of foreign-funded enterprises, an increase of 2.63 times over the previous year; and 1,043 new enterprises involving foreign capital registered with the proper authorities, an increase of 381 over the total figure in past years. The province also made greater achievements in expanding cooperation between industrial and agricultural development projects and in the tertiary industry and the development of land on a large scale.

Fourth, an unprecedented trend in development of the tertiary industry emerged. Statistics show that in the first 11 months of the year, state investment in tertiary

industry development increased by 71.4 percent over the same period of last year, and the proportion of investment in tertiary industry rose from 25.9 percent in 1991 to 29.5 percent in 1992. Particularly, the setup of markets was strengthened, and 342 markets of various categories were built, rebuilt, and expanded, including nine large markets involving over 10 million yuan in investment each. This has helped enliven circulation and promote the development of markets.

We also made achievements in developing science, education, culture, sports, public health, communications, finances and insurance, information and service, and social guarantee undertakings. New and high technology industrial development zones were vigorously growing. Universities and secondary specialized schools made a big stride in reforming the enrollment plan. The enrollment of students who paid their own tuition, students cultivated on a commission basis, and students given assistance in the universities and secondary specialized schools increased by more than 23,000.

Since the beginning of the year, the province has made gratifying achievements in reform, opening up, and economic construction. The overall national economic situation is good. However, some problems and contradictions that merit our attention still exist in economic operations. Major indicators are: First, the industrial economic operation was poor in quality. There were structural contradictions. Second, there was a strain on construction funds, and the strain on power and transportation was very severe. Third, foreign export trade was extremely unsuitable to the requirements for speeding up economic development and opening to the outside world. Fourth, agriculture was affected by serious natural disasters, causing a large decline in grain, cotton, and oil production.

In 1993, the province will have many favorable conditions for economic development and will also confront some contradictions and difficulties. We can say that there will be both challenges and favorable opportunities.

A. The macroeconomic environment in 1993 will be conducive to the rapid development of the economy. Comrade Deng Xiaoping's important talks in his tour of south China and the 14th party congress further defined the orientation for market reform and set forth the goal of setting up the new socialist market economic system. This has greatly mobilized the enthusiasm of all fronts and greatly promoted the economic development.

B. The increase in social demand will continuously promote the rapid economic development. The investment growth rate in 1993 will possibly fall following the rapid rate of increase in 1992. The increase in investment demands will become a major factor for promoting the economic growth rate in 1993. However, we should also see that restricted by the state credit policies and the limited increase in the province's budgetary investment, the situation in which the foreign capital still accounts

for a low proportion of the total capital cannot be changed rapidly. Therefore, the shortage of funds is still a key factor for affecting the province's economic construction. The degree of economic development promoted by investment will mainly be determined by the amounts of funds that have been actually utilized. Along with the development of production and the expansion of the scale of investment in fixed assets, the income of the urban population will increase rapidly, and the increase in the income of the peasants will be limited. The commodity purchasing power has tended to increase steadily. The markets have an ample supply of commodities. However, the structural contradictions in market supply will continue to exist.

C. The situation in the supply of energy resources and raw materials will be similar to that in 1992. However, the contradictions in transportation, particularly railway transportation, will be manifest.

D. Along with the rapid increase in the economy, some hidden factors for price hikes have been revealed noticeably. Inflationary pressure will exist on economic operations during 1993. However, we should ensure that no great changes take place in supply and demand, that the market supply of the province will be slightly higher than demand, and there will not be any major fluctuation in goods prices.

The Guiding Ideology and the Major Targets for the 1993 Economic Planning Work

The guiding ideologies for the arrangements for the 1993 national economic and social development plan are: We should comprehensively implement the guidelines of the 14th CPC Congress; conscientiously implement the decision on accelerating the province's reform, opening, and economic development as given at the fifth plenary session of the fourth provincial party committee; further emancipate the mind according to the requirement for gradually establishing the socialist market economic system; seek truth from facts; stress actual efficiency; go all out to promote reform and opening; strictly regulate and control the macroeconomy; continue to strengthen the basic industries; positively cultivate and perfect the market system; vigorously promote technological progress; strive to increase economic results; accelerate the development of tertiary industry; promote, through large-scale reform, opening, development, transformation, and improvement, the development of the economy along the lines of improving quality, readjusting structure, and improving efficiency; and strive to prefulfill the second target of doubling the GNP by 1995.

To implement this guiding thought, we should abide by the following major principles:

Based on the need for accelerating development, on the principle of achieving unity along with efficiency, growth rate, and capacity for sustained development, and on the state's industrial policy, we should strive to increase

investment and to develop the economy at a faster rate while continuously improving economic efficiency and economic quality.

We should give more prominence to the adjustment of the structure and the improvement of efficiency. We should strive for a more coordinated development in the primary, secondary, and tertiary industries based on the need for steadily increasing the production and improving the quality of the primary industry, for adjusting the structure and improving the efficiency of the secondary industry, and for greatly promoting the development of the tertiary industry.

We should facilitate reform and opening up more bravely. Aiming at establishing the new system of the socialist market economy and focusing on invigorating large and medium-sized state enterprises, we should continue the transformation of the operating mechanism of enterprises and the supporting reform in the planning, finances, credit, pricing, material allocation, commercial, and foreign trade systems to accelerate reform and opening up and to promote economic development.

We should give full play to the role of science and technology as the primary productive forces. We should adopt effective measures to promote scientific and technological advances, expedite the technical transformation of enterprises, actively develop high and new technology industries, and strive to improve the quality of the economy as a whole.

We should conscientiously do a good job in coordinating the annual plan with long- and medium-term development targets. We should link the arrangements of the annual plan to the targets of raising the economy to a new level in the Eighth and Ninth Five-Year Plan periods and of building an economically strong province so as to achieve a sustained, stable, and rapid economic development.

Based on the aforementioned guiding ideas and principles, the major targets of the macroeconomy for 1993 follow:

A. Below are the targets of economic development:

To promote economic growth rate, the GNP is expected to increase by about 12 percent over this year's. Agriculture will grow by 5.3 percent, industry 13 percent, and the tertiary industry 17 percent.

The scope of investment and the construction of key projects: The investment made by the entire society in fixed assets is expected to increase by 17.7 percent over this year's, of which the investment made by state units is expected to increase by 16.8 percent. Seventy-one large and medium-sized capital construction projects and technical transformation projects whose investment exceeds the stipulated norms are arranged according to the plan. Of the total, 30 are continuing projects, four are projects to be completed, and 37 are new projects.

Foreign economic relations and trade: Local ordinary trade of the province and the exports of the three types of foreign-funded enterprises will grow by 10 percent, and the actual amount of foreign capital that is used will grow by 30 percent.

Commodity circulation and construction of markets: Commodity retail sales are expected to grow by 14 percent over this year's, and the increase in the general index of retail prices will be kept under 8 percent. The construction of six state-level and nine large regional-level or provincial-level markets will be started or continued, six large commercial and tourist facilities will be started, and 11 country fairs will be expanded or newly built.

Financial revenues: Financial revenues are expected to increase by 8 percent over this year's.

Major targets of the industrial economic efficiency: The overall index of the industrial economic efficiency will be increased by two percentage points. The marketing rate of the products produced by the industrial enterprises at and above the township level which institute an independent accounting system will reach 98 percent, their net rate of output value will be over 27.5 percent, their profit rate after costs will be over 5 percent, their profit-tax rate of funds will reach 9 percent, and their working funds will be circulated 1.6 times.

B. The targets of scientific and technological progress:

Under the plan, we should make arrangements for tackling 50 key scientific and technological projects; fulfill 100 scientific research projects of domestically advanced level; popularize 50 advanced and practical scientific and technological achievements; and successfully build four key laboratories and 10 industrial experimental projects.

C. The targets of social development and people's living:

The student enrollment of ordinary institutions of higher learning should increase 23.3 percent over this year's expected figure and that of secondary specialized schools, 23 percent; the number of hospital beds of medical organizations should increase 1.3 percent; the annual natural population growth rate should be controlled within 12.7 percent; the total wages of workers across the province should increase 12.4 percent; and the average per capita net income of peasants should increase 10.3 percent.

D. The targets of natural resources and environmental protection:

The arable land used by nonagricultural projects should be controlled within 140,000 mu; 120,000 mu of arable land should be developed; the up-to-standard afforested areas should reach 3.63 million mu; the industrial waste gas disposal rate should reach 85.5 percent; the industrial waste water disposal rate should reach 84.6 percent; 2.5 million tons of standard coal should be conserved, and industrial enterprises exercising independent

accounting at and above the county level should reduce their standard coal consumption to 4 tons for producing 10,000 yuan worth of products.

The Emphasis and Major Tasks Arranged in the Plan

A. We should actively develop a type of farming that provides high yields of fine quality products with maximum efficiency in line with the demand of steadily increasing the output and raising quality, and we should comprehensively invigorate the rural economy. During next year's rural economic development in the province, we should persist in using the market for guidance, unceasingly optimize the rural production setup, strive to increase the income of peasants, and ensure a comprehensive bumper agricultural harvest and stable increase in the rural economy. In this connection, first of all, we must make continued efforts to strengthen the building of agricultural infrastructure facilities. The emphasis should be placed on building Taolinkou Reservoir and the project of diverting Huanghe River water to Wei He in support of Hebei, reinforcing the dangerous sections in the reservoirs of Xidayang, Dongwushi, and Yunzhou, and harnessing Yongding He, Baigou He, and other major river courses; at the same time, continued efforts should be made to develop farming in Haihe Plain, and to do a good job in building ecological farming projects in upland areas and using World Bank loans to develop agricultural projects. Second, we should actively popularize the applicable agricultural conventional technology. Third, we should be guided by the market, readjust the internal structure of large-scale farming, and, while grasping grain production, strive to develop all sorts of cash crops, particularly cotton. According to next year's plan, we should arrange for sowing 9-11 million mu of cotton and producing 450,000 to 550,000 dan of cotton, and should try by all possible means to fulfill this plan. Fourth, we should strengthen agricultural support from all trades and professions, particularly from the industrial sector, and strive to combat drought to reap a bumper harvest. This year, the water stored in reservoirs in the central and southern parts of our province greatly decreased. Since the beginning of winter, the temperature has been high and rainfall has been scanty. According to the forecast made by experts, spring drought will occur next year. All relevant departments should make early arrangements for the supply of diesel oil, agricultural chemicals, chemical fertilizers, and plastic sheeting for agricultural use, and energy for combating drought. Meanwhile, we should do a good job in forecasting weather that may cause disasters and insect pests, and actively organize efforts to do prevention work. Fifth, we should safeguard the economic interests of peasants, implement all sorts of preferential policies, resolutely stop unauthorized collection of fees and charges, make special efforts to check the random price hikes of the means of production, realistically reduce peasants' burdens, and further improve and develop the socialized service system. Sixth, we should greatly develop township enterprises and the courtyard economy, actively promote the shareholding system and

savings associations in township enterprises, and accelerate township enterprises' effort to draw in foreign capital. Next year, township enterprises' investment is expected to increase by 40 percent over this year's, and their output value by 25 percent. The number of registered three types of foreign-funded enterprises will grow by 300, and their volume of goods delivered for export will grow by more than 50 percent. Meanwhile, we should encourage graduates of colleges and secondary specialized schools and the technical personnel of large and medium-sized enterprises to work in township enterprises and pay attention to the implementation of the "project to develop township enterprises along coastlines and railways and around cities" and the "five-dragon and 100-star project" to help rural areas achieve prosperity early.

B. We should make persistent efforts to promote a sustained, stable, and faster development in industrial production, with the focus on adjusting the structure and improving efficiency. First, in line with the provincial government's decision on developing chemical, machinery and electronic, and other leading industries on a priority basis, we should particularly renovate and improve the overall arrangements for textile, metallurgical, building materials, and other pillar industries and concentrate efforts next year on the implementation of the projects of a number of "dragon" and "tiger" enterprises. Second, we should make great efforts to carry out the activities to ensure a more than 13-percent increase in the added value of the industry, a 12-percent increase in profits and taxes, a more than 20-percent increase in the value of fixed assets, and a rise in the ranking in the country in the overall index of industrial economy efficiency. Third, we should step up efforts to develop new products, facilitate scientific and technological advances, and choose the most effective means to encourage enterprises to update and upgrade their products. Next year, we should develop 2,400 new products, put into mass production 1,000 new products at the provincial level, and update and upgrade more than 15 percent of processed industrial products. Fourth, we should make great efforts to put an end to overt and covert deficits. We should continue to pay attention to tapping enterprises' potential and to energy and material conservation so that the industrial economic efficiency can be improved continuously. The budgetary deficits of money-losing enterprises should be reduced by 20 percent next year, and local budgetary industrial enterprises should absorb one-third of their covert deficits. Enterprises which are unable to absorb their covert deficits in three years, which hold no promise of selling their products, and which cannot develop new products should be resolutely suspended permanently or temporarily, merged to other enterprises, changed to other lines of production, or declared bankrupt.

C. We should arrange the scope of the investment in fixed assets reasonably and make conscientious efforts to achieve success in the construction of key projects. The investment should be arranged in such a way that the

products using high and new technology, that create high additional value, and that are exported to earn foreign exchange, and the finely processed products, and the tertiary industry are developed on a priority basis, while the investment in agriculture, energy, transportation, telecommunications, important raw materials, and other basic industries continues to increase.

Initial arrangements are made for developing during next year 71 large and medium-sized capital construction projects and technical transformation projects whose investment exceeds the stipulated norms, of which 47 are capital construction projects and 24 are technical transformation projects.

We are arranging construction of 130 key projects next year, of which 18 are state projects, 21 are projects under the provincial control, and 66 are projects under city control. We plan to complete and put into operation 50 projects, including single-item projects.

The key to the smooth progress of the key projects in the province lies in the timely allocation of funds and the successful management and use of the funds. First, we should try every means to raise funds. Second, we should properly increase the investment of budgetary funds, which should be used mainly in continuing or supporting projects, and which should be used in coordination with the energy and communications funds. Third, we should improve the use and management of funds. Beginning next year when using budgetary funds, except for those used in projects without economic returns, we should use them with compensation or in a way that interest is deducted so that the efficiency in the use of funds can be improved. Fourth, we should prevent irrational overlapping construction at a low level and ill-considered construction so that the limited funds can be used in the most needed places in economic construction.

D. We should vigorously develop tertiary industry with the focus on setting up the market system. Next year, the province should focus the development of tertiary industry on setting up the market system and developing communications and telecommunications undertakings, banking and insurance business, and real estate. The investment in tertiary industry in 1993 is planned to be increased 22.1 percent over that in 1992. In regard to commodity markets, next year, we should focus on developing the Qinhuangdao coal trade wholesale market, the Tangshan building materials market, the Qinhuangdao glass plant, the Shijiazhuang steel products market, the Handan steel products market, the Shijiazhuang provincial-level grain and oil wholesale market, the regional grain and oil wholesale markets of Handan, Tangshan, Zhangjiakou, and Qinhuangdao, and 10 large vegetable wholesale markets, including those in Yongnian, Dingzhou, Yangyuan, and Changli. We should create conditions to ensure a smooth construction of Shijiazhuang Jinyuan Building, Zhongshan Building, Beiguo commercial center, Wanlimiao general commercial area, Qinhuangdao commercial center, Qizhou medicine market, Baigou Huabei commercial center, and

Xinji leather town. Next year, the business volume of the country fair trade markets should reach 24 billion yuan, the investment in market construction should reach 1 billion yuan, and 500 country fair trade markets should be built or expanded. Large and medium-sized cities should set up a group of regional industrial goods markets with different special characteristics and influential power. Each and every mountainous county should develop one or two key markets to promote the local economic development.

We should accelerate the setup of financial organizations of various categories. Enterprise groups with greater strength should create conditions to organize financial companies. We should extensively encourage property mortgage loans; develop auction markets; accelerate the setup of the market system; and gradually form security markets, short-term interbank loans, and foreign exchange regulation markets. Simultaneously, county-level monetary markets should be established among the 15 counties that carry out overall reform on a trial basis. We should set up, on a trial basis, labor service markets; positively set up provincial scientific and technological, commercial, and trade towns; set up scientific and technological information markets in prefectures and cities; and promote the development of new real estate markets.

Transportation and communications services are basic guiding industries affecting the overall economic situation. We should organize forces to develop the railway, road, port, airport, and communications projects that have been listed in the provincial fixed assets investment plan.

E. We should strive to increase revenues and reduce expenditures, make full and good use of credits, and try every possible means to increase the input of credits. To balance revenues and expenditures and to ensure that there will be no new deficits, we should focus the financial work on appropriately conceding benefits to enterprises, further balance the relationship of distribution, perfect the tax system, strengthen the budget management, make good use and management of financial funds, concentrate the limited capital on production and construction projects and the undertakings that should be developed ahead of others, and bring into play the role of finance in supporting production, construction, and social undertakings.

To better support the economic development, we should strengthen the credit work in the following areas. First, we should vigorously organize savings to expand the capital resources. Second, we should enliven the use of fixed-quota loans, improve the efficiency in using capital, concentrate on reducing the use of capital for three purposes, enliven the use of idle funds, collect various kinds of normal loans, and accelerate the turnover of capital. Third, we should positively make structural readjustment; optimize the increased portion of capital; and concentrate funds on supporting the construction of key projects and the production of "four high" products

according to the state industrial policies and in line with the principle of giving different treatment to different cases, supporting the good, and restricting the inferior. Fourth, we should widen the capital sources, collect funds from all fronts, particularly assimilate more capital from other places, and satisfy the production and construction needs to the maximum.

F. We should further expand opening up, actively and effectively use foreign capital, emphasize importing advanced technology, actively develop foreign economic relations and trade, and strive to increase foreign exchange through export. We should carry out next year's foreign capital utilization work in close connection with structural reform, pay simultaneous attention to consolidation and development, and strive to run the "three types of foreign-funded enterprises" well; step up efforts to examine and approve the contracted projects, issue certificates for the construction, and start the projects; on the basis of guaranteeing the quality of projects, accelerate the construction progress of projects which have already been started; and realistically make good preparations for new projects and extensively invite investments and conduct business talks. We must make sure that projects are prepared, signed, approved, started, and completed in an orderly manner. We should actively prepare for next year's trade talks with foreign countries. It is planned that the entire province will carry out more than 2,000 foreign-funded projects and develop 100 large and medium-size enterprises next year, and will adopt various transplanting methods in integrated or single projects or in the "branches" of enterprises; find large clients; carry out wide-scale cooperation; and, through transplanting and transformation, raise the technological level of the existing enterprises, as well as their level of earning foreign exchange through export. We should strive to successfully carry out investment and trade symposiums in Seoul of the ROK, in the Hong Kong area, and in Shijiazhuang. By holding all sorts of news meetings to release information on projects to be undertaken and meetings to invite investment and to hold trade talks, we should strive to push the contracts signed for the "three types of foreign-funded" enterprises in the entire province and the registration of projects to 1,000 in number, and try utmost efforts to complete 500-750 projects within the year and to use \$150 million in foreign exchange. While attending to the direct use of foreign capital, next year, we should strive for more than \$11 million of foreign loans. In line with the guidelines of the 14th CPC congress, we should step up efforts to formulate plans for the development and construction of our province's Bohai Bay area, and accelerate the pace of building Qinhuangdao, Shijiazhuang, and the provincial economic and technological development zone.

In order to expand the degree of creating foreign exchange through export, first of all, we must further improve the contract responsibility system. Starting from next year, we must issue two targets for creating foreign exchange through exports to the lower level. We

will issue one target to export-oriented enterprises and one to administrative offices of relevant prefectures and city governments, and we will implement the system of responsibility for assessing the targets. Continued efforts should be made to accelerate the pace of changing the operational mechanism of foreign trade enterprises. Next year, we should first test the shareholding system in some selected light, industrial, and export-oriented companies. Second, we should enhance the concept of doing large-scale foreign trade business, and expand the export channels. By the end of next year, the province should have 400 enterprises geared for export operations. Third, we should actively develop international markets, strive to establish trade organs in more countries, and do a good job in running export commodity trade symposiums. Fourth, we should actively readjust the structure of export product mix and strengthen the building of export-oriented bases and enterprise groups.

G. We should continue to advance the development of science, technology, and educational work and promote the close integration of science, technology, and education with economic construction. In carrying out the scientific and technological work in 1993, we should exert efforts to promote integration and conversion, actively carry out the "Scientific and technological progress year" activities and vigorously develop high and new technology and related industries. Next year, we will build two state-level high and new technology industrial development zones, six provincial-level high and new technology industrial development zones, and 30 provincial-level torch industrial parks, and form 250 high and new technological enterprises and 350 high and new technological products that are competitive in the domestic and international markets. We should adopt various measures such as encouraging public bidding, buying of shares and contracts, and giving handsome awards for accelerating the conversion of scientific and technological achievements and strive to raise the scientific and technological contents in the course of economic growth.

We should further introduce the market mechanism to the development of education, continue to explore the way of "promoting education by developing educational undertakings," reform the recruitment system of colleges and secondary specialized schools, and grant schools more autonomy in management. Meanwhile, we should further adjust the educational structure and the establishment of specialties, greatly develop vocational and technical education, and increase the number of the students of ordinary middle schools who attend county vocational training centers so that we can train more personnel with special technical skills for county or township enterprises.

We should greatly step up efforts to build the socialist spiritual civilization and continue to develop culture, public health, sports, press, publication, archives, radio, television, and film undertakings. While achieving economic and social development, we should increase the income of urban and rural people, especially the income

of peasants, to ensure the continuous improvement of living standards. We should strictly control population growth and keep the natural population growth within the planned target.

Further Accelerate Reform, Focusing on Establishing the Socialist Market Economy System

In the economic structural reform next year, we should pay close attention to the transformation of the operating mechanism of state enterprises, especially large and medium-sized ones, which is the central link. We should actively develop the various sectors of the economy while keeping the public sector predominant, greatly establish and improve the market system, deepen the reform of the distribution system and the social security system, and accelerate the transformation of government functions so that we can achieve new and significant progress in the economic structural reform.

First, we should accelerate the transformation of the operating mechanism of state enterprises, especially large and medium-sized ones, actively explore the effective ways to materialize the public ownership, and establish a vigorous and effective enterprise system. In line with the stipulations of the "enterprise law" and the "regulations," we should earnestly delegate decision-making power to enterprises, further improve the contracted managerial responsibility system, and exert conscientious efforts to make the third round of contracting successful. From among the technically transformed enterprises which comply with the industrial policy, have fairly good potential for development, and have a good foundation for management and from among the key enterprises which are listed in the Eighth Five-Year Plan or the "dragon and tiger" plan, we should select another 30 to institute the system of overall contracting for input and output. We should actively expedite the experiment with the shareholding system. We should turn some large and medium-sized state enterprises into limited companies or limited responsible companies in line with the relevant regulations of the state and the province. Except for the enterprises whose shares are under state control, such as enterprises which affect the national economy and people's livelihood and which involve monopolistic trades, enterprises may institute a shareholding system under which the state, authorized people, and the staff members and workers buy shares. Small enterprises may institute a shareholding cooperative system. We should strive to increase the number of shareholding enterprises to more than 100 next year. We should accelerate the reform within enterprises. The focus is to continue to disseminate the experiences of the Handan Iron and Steel Company and deepen the reform of the personnel, labor, and distribution systems to boost the enthusiasm of enterprises as well as their staff members and workers.

Second, we should accelerate the cultivation and perfection of the market system. It is necessary to break with the commercial, materials, and foreign trade barriers; eliminate departmental separation and monopoly by

various trades; expand the circulation of goods; and actively promote the building of all sorts of markets, such as the commodity trade markets and the capital goods markets. Meanwhile, we should accelerate the cultivation of all types of markets of the essential production factors, such as the banking, labor service, personnel, technology, and information and real estate markets; and strive to develop a body of intermediary organizations in all sorts of markets, such as accounting and auditing organs, lawyer's offices, notary organs, and patent offices, to render effective service for helping enterprises smoothly enter the market. Further efforts should be made to reform the grain and cotton purchasing and marketing systems.

Third, we should deeply reform the distribution system and the social security system. We must correctly handle the relation of interests of the state, the collectives, and individuals, and under the premise that the growth of enterprise economic efficiency must be not lower than the total wages of workers and the growth of enterprise labor productivity must be not lower than the average growth of workers' wages, allow enterprises to exercise internal distribution power, select a number of enterprises, and allow them to implement decisionmaking power in determining the total wages after approval; conscientiously implement the income regulatory tax policy and strengthen the management and regulation of income distribution; and actively promote the reform of the social security and medical insurance systems.

Fourth, we should accelerate the change of government functions. In line with the demand of building the socialist market economic system, governments at all levels should shift their work emphases to making overall plans, grasping policies, providing information guidance, coordinating the work of organizations, rendering service, and providing inspections and supervision. While changing functions, we should be determined to transfer personnel to other units and create conditions for actively and reliably carrying out structural reform. We should adopt encouraging policies, and mobilize 20 percent of personnel of party and government organs to run all sorts of economic and service units next year, to support the construction of key projects, or to go to the grass roots to establish and take charge of enterprises. It is necessary to accelerate the pace of county-level structural reform and carry out reform of the administrative and management system in one-third of the counties across the province next year in an effort to make "small organs render great service."

Fifth, we should further deepen reform of the planning system. The purpose of China's development of the socialist market economy is to make the market play its basic role in the distribution of natural resources under the state's macroeconomic regulation and control. This is not a blindly developed economy ignoring state management, planned guidance, and any regulation and control. We may say that giving full play to the market role and strengthening the state's effective macroeconomic regulation and control are the objective demands

in building the new socialist market economic system. In carrying out effective macroeconomic regulation and control, planning is still one of the important means. Our province's planning departments should further enhance their sense of urgency and responsibility in reform in line with the state defined study strategy and the major functions of formulating plans, ensuring overall balance, implementing the industrial policy, cultivating markets, building key projects, implementing macroeconomic regulation and control, and giving coordinated service. The planning system of 1993 is reformed as follows: 1) We should reduce the management of the planned targets in production and circulation. We should only define the total quotas of the targets that are not covered in the assessment plans of prefectures and cities but must not divide the quotas among prefectures and cities. From 1993, the planned targets under the management of the provincial planning and economic committee will be reduced from 177 categories to 98 categories, a drop of 44.6 percent. Of this, the number of the major industrial goods whose production is covered in the plan should be reduced from 84 to 50, a drop of 40 percent. The number of products whose production is covered in the provincial mandatory plan should be reduced from 17 to 14. The number of major goods and materials whose distribution is covered in the provincial plan should be reduced from 20 to 11. From now on, except for the provincial planning department, no departments are allowed to assign mandatory plans to lower levels. 2) We should further delegate power of examination and approval to lower levels. Prefectures and cities (the cities under the jurisdiction of the province) are allowed to examine and approve the local basic industries and infrastructural facilities built with their own funds and with their own construction conditions, except for large and medium-sized enterprises. 3) We should continue to simplify the procedures for examining and approving construction projects. As for the construction projects that should be examined and approved by the provincial planning and economic commission, the construction projects whose investment is neither provided by the central authorities nor the province nor from the foreign loans covered in the state unified plan, and the construction projects directly invested in by foreign businessmen, the provincial planning and economic committee should concentrate energy on writing suggestion letters for examination and approval of projects and making feasible research reports but should not any longer examine and approve the reports on starting the construction. 4) We should positively carry out the project proprietor responsibility system. From 1993, we should develop new projects and the pre-phase work of state capital construction projects according to this system so as to ensure that the entire process of the construction projects, starting from policy decisions to capital input, operation, management, and withdrawal of capital, will be on a responsibility basis.

Six, we should continue to deepen the reform of the rural economic system. On the premise of stabilizing the party's basic policies toward the rural areas, we should

take the road of developing high-yield, high-quality, and highly efficient agriculture in line with the principle of comprehensively developing farming, breeding, and processing industries, making trade, industry, and agriculture a coordinated process, and comprehensively developing agriculture, science, and education. We should reform the management functions; shift the focus of management from the management of farm products only to the management of production, circulation, and processing; coordinate well; strengthen information services and market calculation; perfect the socialized service system; encourage and support the peasants to arrange production according to market demands; improve management; and make the rural economic management system better suit the development of socialist large-scale agriculture. We should reform the method for management of agricultural investment, shift the type of investment from the lending of loans to the development and management of credits, differentiate the withdrawal of credits according to the benefits from investment, and upgrade the return on the use of capital. We should vigorously carry out the shareholding system and the shareholding cooperation system and accelerate the development of town and township enterprises and tertiary industry in the rural areas. We should continue to grasp the pilot reform work among the 15 provincial-level counties that are conducting overall reform on a trial basis, further relax the restrictions of policies, and make a breakthrough in conducting the overall reform among counties.

Northeast Region

Sun Weiben Inspects High-Tech Park in Harbin

SK0302043393 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 2 Feb 93

[Text] On 2 February, Sun Weiben, secretary of the provincial party committee; Shan Rongfan, deputy secretary of the provincial party committee; and other provincial leaders inspected the high and new technology park of Harbin Engineering College which is under construction.

The high and new technology park of Harbin Engineering College is one of the components of the High and New Technology Industrial Development Zone of Harbin city. The total area of the park is 117.52 hectares. Centering on the Harbin Engineering College, this park stretches from (Haicheng) Street in the east to (Hexin) Road in the west, and from (Xidazhi) Street in the north to (Makezhuhe) in the south. This park includes a science city, a power supply city, a banking building and a commercial street. Upon completion, this park is expected to become Heilongjiang's Silicon Valley.

Sun Weiben and other leaders also inspected some world level scientific research achievements at Harbin Engineering College. Sun Weiben greatly admired Harbin Engineering College's way of doing things and its achievements. He said: Upon completion, this park will

be certain to effectively promote the whole province's economic development and social progress. He continued: All departments across the province should support Harbin Engineering College to successfully build this park. Supporting Harbin Engineering College is the same as supporting Heilongjiang. Harbin Engineering College should play a leading role in the entire province's scientific and technological development.

Jilin Outlines Tasks for Developing Economy

*SK2901022093 Changchun Jilin People's Radio
Network in Mandarin 1030 GMT 28 Jan 93*

[Excerpts] To thoroughly implement the guidelines of the 14th CPC Congress, the 10th plenary session of the fifth provincial party committee, and the first session of the eighth provincial people's congress and to mobilize cadres and the masses in the province to continue earnest efforts in doing practical work and in accelerating Jilin's reform, opening up, and economic construction, the Standing Committee of the provincial party committee decided on the eve of the Spring Festival, after discussions at a meeting, to designate this year as a year for implementation of the endeavor of bringing the economy up to a new level and to resolutely fulfill the various tasks of this endeavor. [passage omitted]

The provincial party committee urged: The basic tasks for the year for implementation are to comprehensively implement the guidelines of the 10th plenary session of the fifth provincial party committee and the first session of the eighth provincial people's congress; to implement the various policies already defined, with economic construction as the central task and in line with the demand for developing the socialist market economy; to accelerate reform and opening up; and to fulfill this year's various tasks for bringing the economy up to a new level. Major contents are as follows:

First, the economy should be developed at a high rate. We should achieve a 14.2 percent and strive for a 15 percent increase in GNP.

Second, economic efficiency should be notably improved. The profit rate of the funds of the industrial enterprises which institute the system of independent accounting should reach 8.5 percent. The amount of funds tied up by finished products, goods shipped in transit, and receivable and advance payment for goods should be reduced by 20 percent from the year-end amount of 1992. The deficits of industrial and commercial enterprises should decline by 20 percent.

Third, the capacity for sustained economic development should be enhanced. The tasks for technical transformation, capital construction, and development of new products as stated in plans should be fulfilled. Strained funds and transportation, factors restricting economic development, should be alleviated.

Fourth, a substantial step should be made in reform. State enterprises should be further invigorated. We

should truly devolve the 14 powers to enterprises as stipulated in the regulations; expand state enterprises' experiment with the shareholding system under which their staff member and workers and the legal persons purchase the shares; achieve new progress in merging state small and medium-sized enterprises into others and leasing, selling, or auctioning them out (?to staff members and workers); and accomplish the reform of the party and government organizations at the provincial and county levels.

Fifth, the level and results in opening to the outside world should be improved. The volume of exports should be increased by 23 percent; the number of newly approved three types of foreign-funded enterprises should exceed 400; and the volume of foreign capital used should increase substantially. [passage omitted]

Liaoning Holds Financial Work Conference

*SK0302051993 Shenyang Liaoning People's Radio
Network in Mandarin 2300 GMT 1 Feb 93*

[Text] A provincial financial work conference was held in Shenyang on 1 February. Ji Yuying, director of the provincial financial department, made a report entitled "According to the Guidance of the Guidelines of the 14th CPC Congress, We Should Conscientiously Attend to 1992's [year as heard] Financial Work."

Ji Yuying said in the report: This year the provincial financial department should change the financial management of grass-roots departments and enterprises from direct management to indirect management, change the focus of management from administrative to economic management, and use such economic levers as tax revenues and distribution to guide the sound progress of the economic construction and all undertakings.

Ji Yuying said: This year we should continue to focus provincial financial and economic work on reducing deficits and increasing profits. We should expand the preferential policies for state-owned large and medium-sized enterprises in the hope of ending deficits and building a fairly good foundation so that they can contribute to their own development. Enterprises that have had deficits for several years, who cannot pay their debts, and for whom there is no hope of ending the deficit situation should be closed down, forced to manufacture other products, merged with other enterprises, rented, auctioned, or forced to declare bankruptcy. It is necessary to optimize the enterprise organizational structure and to comprehensively decontrol the management of commercial and wholesale enterprises. Individual staff members and workers are allowed to lease and manage the counters of small and medium-sized commercial enterprises. Small enterprises, whose inventory cannot cover their debts should declare bankruptcy, hold a public auction, and repay their debts. These enterprises should use the income from leases and auctions to handle their problems.

In regard to the issue of pioneering the second financial resource and cultivating and expanding new financial growth points, Ji Yuying said: The financial department should change the current work method of paying excessive attention to managing the financial affairs of state-owned budgetary enterprises. Rather, it should strengthen the management of financial affairs of collective, private, and foreign-funded enterprises. We should manage appropriately the funds not covered in the budget. We should support the units and departments with conditions to carry out, on a trial basis, the method of replacing administrative expenses by revenues in an effort to alleviate the contradictions between supply and demand of financial capital. We should eliminate the old situation of relying only on finance to run industries and form a new pattern of pooling the efforts of all fronts to run industries. We must not rely only on state financing for running industries. We should allow and encourage all fronts of society, including individuals, to run public welfare facilities, including private schools and private hospitals. We should encourage institutions to run industries and encourage a part of science professionals and technicians to run enterprises and economic entities and transition from wholly relying on allocation to partially relying on allocation. The responsible departments with administrative management functions and appropriate management conditions should retain their authorized size and gradually stop relying on the financial allocations.

In regard to the issue of strengthening the collection and management of tax revenues, Ji Yuying said: Tax revenues account for a large amount of the current revenues. Thus, we should strengthen the management of tax revenues. We should handle tax affairs persistently according to laws; vigorously organize revenues; collect the revenues that should be collected; strengthen the management of the revenues of foreign-funded enterprises, private enterprises, and individual enterprises; and strictly control tax reduction and exemption.

Liaoning Holds Banks Branches Presidents Meeting

SK0302052393 Shenyang Liaoning People's Radio Network in Mandarin 2300 GMT 2 Feb 93

[Text] The provincial meeting attended by presidents of banks branches was held in Shenyang on 2 February.

The meeting implemented the guidelines of the national meeting of presidents of banks branches and the national meeting of general managers of insurance company branches, studied specific measures for speeding up the reform of the banking system, and arranged the 1993 provincial banking work.

Yue Qifeng, governor of the provincial government, made an important speech on making the banking work suit the development of the market economy and bringing into full play the banks' role as an economic lever for optimizing the production structure and increasing economic results.

He said: Governments at various levels, enterprises, and banks should focus inward, tap capital potential, speed up the turnover of capital, reduce the amount of idle funds, shorten the capital use period, and enliven the use of funds. Instead of arbitrarily intervening, the governments should support the banks to fix the amounts of loans to be granted to enterprises according to enterprises' marketing volume and economic results. The banks should focus the credits on transforming old enterprises; developing high-quality, high-yield, and high-efficient agriculture; developing the tertiary industry, new high-tech industries, enterprises run by districts and neighborhood committees, [words indistinct] enterprises, and the economy of nonpublic ownership; and supporting new economic growth points. In granting loans, the banks would rather give up one or two large projects than ensure the development of new economic growth points.

Zhang Rongmao, vice governor of the provincial government, also made a speech at the meeting. Present at the meeting were some provincial leading comrades, including Wen Shizhen, Xu Wencai, Li Jun, (Wang Juyuan), Cui Yukun, Yue Weichun, and Fu Jiaji.

This meeting will last for three days.

Taipei 'Ready' To Meet Challenges on GATT Entry

OW0302082393 Taipei CNA in English 0745 GMT
3 Feb 93

[Text] Taipei, Feb. 3 (CNA)—The country is making ready to face challenges in its bid to join the General Agreement on Tariffs and Trade (GATT), Vice Economic Affairs Minister P. K. Chiang said Tuesday [2 February].

Noting that a GATT working party will begin on March 25 to screen Taiwan's membership application, Chiang reported that 25 contracting parties of the Geneva-based trade organization have raised as much as 530 questions on Taiwan's trade regime.

The questions center mostly on import regulations, agricultural protection measures, protection of intellectual property rights, and government procurement rules, he pointed out.

At the same time, he said, the continued boycott of Peking, which has insisted on entering the world trade regulating body before Taipei, has injected more intricacies into the matter.

Given the challenges ahead, he elaborated, the government will submit the English version of Taiwan's trade system along with answers to the questions posed to the GATT Secretariat by the end of this month.

The vice minister, who is also head of a task force for the GATT membership application, said that the government will dispatch a delegation to Geneva to answer questions raised by GATT members at the screening session.

The delegation will be led by Sheu Ke-sheng, director-general of the Board of Foreign Trade, he noted.

The country, which applied to join the GATT on Jan. 1, 1990 under the name of "Taiwan, Penghu, Kinmen and Matsu Customs Territory," was accepted as an observer last September. Full membership calls for approval by two-thirds of all its members.

No Plan To Sell Jetliners to Mainland

OW0302101193 Taipei CNA in English 0755 GMT
3 Feb 93

[Text] Taipei, Feb. 3 (CNA)—Taiwan Aerospace Corp. (TAC) said Tuesday [2 February] that the company does not have any plan to promote sales of regional jetliners (RJ) to the China mainland.

George Liu, TAC senior vice president and spokesman, made the remarks in reaction to foreign wire reports that some of the RJs to be co-produced by TAC and British Aerospace Plc (BAE) will have outlets in such areas as the mainland and India.

The two aerospace firms signed an agreement in London Jan. 19 to enter into a joint venture for producing and marketing RJs.

The accord includes no plan for sales to the mainland, Liu pointed out.

The TAC vice president, however, noted that his company would be delighted if its British partner wants to explore the mainland market.

Currently, TAC has received orders for 30 RJs from American and European buyers, he said. Aside from the United States and Europe, he added, TAC will do its best to tap the market at home and in the Pacific basin.

Under the new venture pact, a total of 160 RJs will roll off the assembly line in Taiwan between 1994 and 1997. The first 20 jets will be delivered next year.

Liu reported that TAC agreed to pay BAE 120 million pounds (about US\$184.8 million) in four installments this year for acquiring a half stake of the joint business, adding that an additional US\$25 million will be given when the first jets come out next year.

Talks With ROK on Bilateral Ties To Open

OW0302021593 Taipei Voice of Free China in English
0200 GMT 2 Feb 93

[From the "News" program]

[Text] A senior official with the Foreign Ministry said Monday [1 February] negotiations with South Korea on a new framework for bilateral relations will move forward after the Kim Yong-sam government is inaugurated at the end of February. On the other hand, he said it is up to Overseas Chinese communities in South Korea whether they will continue to raise the Republic of China [ROC] national flag. Currently, South Korea's Foreign Ministry is pressuring them to stop doing so.

According to several wire service reports, the South Korean Government has even threatened to expel leaders of Overseas Chinese communities if the request is not met. When asked to comment on this situation, the ROC Foreign Ministry official said he would rather not respond to a hypothetical question. On the other hand, the official said he has never heard any government offer to exchange contracts of projects in the nation's Six-Year National Development Plan for the ROC's assets in South Korea.

SRV Officials Provide Visa Services

OW0302095293 Taipei CNA in English 0806 GMT
3 Feb 93

[Text] Taipei, Feb. 3 (CNA)—The Vietnamese Government sent two officials to Taipei Tuesday [2 February] to be responsible for the issuing of visas to Taiwan residents intending to visit the Indochinese country.

The two Vietnamese officials began providing visa services to local residents Wednesday [3 February], the Ministry of Foreign Affairs said.

Their arrival came two days after Vietnam canceled the issuing of visas on arrival.

The unavailability of landing visas, though causing inconvenience to locals traveling to Vietnam, was not targeted at this nation only, a foreign official said when asked to comment on the unexpected move taken by the Vietnamese authorities.

Business relations between the ROC [Republic of China] and Vietnam have developed by leaps and bounds. Taiwan had invested over US\$1 (?billion) in the Southeast Asian country as of the end of last December, making it the largest foreign capital supplier.

The ROC has opened representative offices in Ho Chi Minh City and Hanoi. The foreign official expected that Vietnam will set up a representative office in Taipei soon.

Agriculture Official Leaves for Malaysia

OW0302085593 Taipei CNA in English 0737 GMT
3 Feb 93

[Text] Taipei, Feb. 3 (CNA)—Lin Shiang-nung, vice chairman of the Council of Agriculture (COA), left for Malaysia Wednesday [3 February] to participate in the 11th conference of the Afro-Asian Rural Reconstruction Organization.

The Afro-Asian Rural Reconstruction Organization, composed of 24 Asian and African nations including Japan, South Korea, Malaysia, Kenya, Ghana, and Egypt, aims to boost the exchange of agricultural development and help promote rural hygiene in its member nations.

Lin said the organization is one of 11 world bodies that the Republic of China has joined under its official name. Member nations alternate in holding a conference every three years. This year's meeting, hosted by Malaysia, will run from Feb. 8 through Feb. 11.

Tartar Prime Minister Arrives

OW0202140893 Taipei CNA in English 1325 GMT
2 Feb 93

[Excerpt] Taipei, Feb. 2 (CNA)—Prime Minister Mukhammat Galuvovich Sabirov of the Republic of Tartarstan and his entourage of eight arrived here Monday [1 February] for a four-day visit at the invitation of the China External Trade Development Council.

While here, Prime Minister Sabirov will visit economic establishments and seek imports of consumer goods and manufacturing equipment from the ROC [Republic of China].

He is also scheduled to attend a symposium on trade and investment opportunities in Tartarstan to be held Feb. 3 at the Taipei World Trade Center. [passage omitted]

KMT Standing Committee Backs Hao's Resignation

OW0302080193 Taipei CNA in English 0734 GMT
3 Feb 93

[Text] Taipei, Feb. 3 (CNA)—The Kuomintang [KMT] Central Standing Committee Wednesday morning approved Premier Hao Po-tsun's resignation.

Party Chairman Li Teng-hui lauded the performance of Hao in his two years and eight months of premiership. He expressed his appreciation to the premier for his contributions to the nation and the party.

Li said that he has proposed that a policy guidance task force be set up by the party central [as received] and would invite Hao to be the convener of this special unit.

He said that he has also instructed that a revision of the party platform be made at the coming 14th party assembly whereby delegates decide on whether to have a vice chairman of the party.

With the acceptance of Premier Hao's resignation, a cabinet resignation will be discussed at the weekly meeting of the Executive Yuan Thursday, according to Wang Chou-ming, secretary-general of the Executive Yuan.

Economic Growth Estimate To Be Adjusted Upward

OW0302102093 Taipei CNA in English 0801 GMT
3 Feb 93

[Text] Taipei, Feb. 3 (CNA)—The government is expected to adjust upward its estimate on economic growth this year, the Directorate General of Budget, Accounting and Statistics (DGBAS) said Tuesday [2 February].

The top statistic agency is scheduled to publish its latest economic forecast Feb. 19. The prediction is made each quarter.

Growth estimates for 1992 and 1993 were put at 6.11 percent and 6.52 percent respectively last November.

DGBAS officials pointed out that last year's expansion is very likely to exceed 6 percent, though growth in the fourth quarter might drop below the previously-forecast 6.16 percent.

Per capita gross national product (GNP) in 1992 would top US\$10,000, the officials said. GNP, the country's total output in goods and services, is the broadest measure of economic health.

With the world economy in an upturn trend, they noted, Taiwan would see better prospects this year.

President To Meet Lawmakers on National Affairs

*OW0302084893 Taipei CNA in English 0751 GMT
3 Feb 93*

[Text] Taipei, Feb. 3 (CNA)—President Li Teng-hui will meet newly elected legislators in the next few days to hear their opinion and suggestions on national affairs, Kuomintang legislator Liu Sung-fan said Tuesday [2 February].

Liu, who won the presidency of the Legislative Yuan on Monday, along with legislative Vice President Wang Chin-ping, paid a courtesy call on President Li Teng-hui Tuesday.

Beginning Feb. 4, President Li will meet with lawmakers in bipartisan groups according to the constituencies they represent, Liu said.

All told, 160 legislators who won on the Dec. 19 election were sworn in on Feb. 1.

During the upcoming meetings with legislators, according to Liu, President Li could recruit their opinions on the next premiership, which has become a national concern these days.

Liu stressed that the nominee for the premiership, pending legislative approval, would not be discussed during the meetings.

Li also congratulated Liu and Wang for their respective wins of legislative presidency and vice presidency in the hotly contested race on Monday.

Liu initially received only 73 votes in the balloting, thus failing to win the required minimum of 80 votes. In a second balloting, the Taichung-elected lawmaker was able to renew his term of presidency with 86 votes. Wang collected 94 votes to win the vice speakership.

The first group of lawmakers to meet with Li Thursday morning will come from northern Taiwan, including Keelung and Hsinchu Cities, Taoyuan, Hsinchu, and Miaoli Counties.

The second group, set for Thursday afternoon, will come from Taichung City as well as Taichung, Changhua and Nantou Counties.

It is reported that Li, in his capacity as the Kuomintang chairman, will meet with members of the KMT Central Standing Committee beginning Feb. 8. The committee is the highest decision-making organ of the ruling party.

Hong Kong

Governor Successfully Undergoes Heart Treatment

HK0302060493 Hong Kong RTHK Radio Four in English 0500 GMT 3 Feb 93

[Text] The governor, Chris Patten, has successfully undergone treatment in Queen Mary Hospital to relieve a narrowing of his coronary arteries. Mr Patten was admitted to the hospital around 0830 this morning [0030 GMT]. A few minutes ago, his spokesman Mike Hanson had this to say:

[Begin Hanson recording] The treatment took about three and a half hours. It went very smoothly. The doctors are very pleased. Both arteries have been cleared and the governor will make a very rapid recovery. He'll be in hospital for about two more days and he'll spend a week at home recuperating, and then he'll be back to work.

[Unidentified reporter] How does he look?

[Hanson] He looks fine. [end recording]

Local XINHUA Head Expresses Concern

HK0302074093 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0651 GMT 3 Feb 93

[Text] Hong Kong, 3 Feb (ZHONGGUO TONGXUN SHE)—XINHUA NEWS AGENCY Hong Kong Branch Foreign Affairs Department has relayed Director Zhou Nan's deep concern and solicitude for the hospitalized Hong Kong Governor Chris Patten through the Hong Kong Government Advisers Office this morning. Director Zhou Nan expressed his hope that Chris Patten would set his mind at ease while receiving treatment, and recover soon.

XINHUA Criticizes UK 'Lack of Sincerity'

HK0302055693 Hong Kong WEN WEI PO in Chinese 3 Feb 93 p 12

[Report: "Zhu Yucheng, XINHUA Hong Kong Deputy Chief, Criticizes the British Side for Lack of Sincerity in Conducting Consultations With Its Chinese Counterpart"]

[Text] Zhu Yucheng, deputy chief of the XINHUA Hong Kong branch, said: Regarding the constitutional package proposed by Hong Kong Governor Chris Patten, China's attitude and position are very clear. The Hong Kong governor has continued to stick to his position of "three violations" [violating the Joint Declaration, the Basic Law, and agreements reached between China and Britain] by submitting his package to the Executive Council [Exco] and Legislative Council [Legco] for deliberations. This move indicates that the British side does not have the sincerity to consult and cooperate with the Chinese side. Zhu continued: As pointed out by chief

Zhou Nan during an interview with a journal, it is very easy for the British side to find a way out, which can be achieved by withdrawing Patten's constitutional package.

While attending the Spring Festival reception given by the Hong Kong Chinese Chamber of Commerce yesterday, Zhu Yucheng was asked by a reporter about Exco's deliberation on the governor's constitutional package. Zhu replied that deliberation by Exco is useless. Even when it is submitted to Legco, it will still violate the Joint Declaration, the Basic Law, and the agreements reached between China and Britain. China has clearly stated its attitude and position on the constitutional package. A reporter asked: Does Exco's deliberation on the constitutional package indicate that the British Hong Kong Government does not want to consult with the Chinese side? Zhu replied: It shows that the British Hong Kong authorities do not have the sincerity to consult and cooperate with the Chinese side.

Zhu said: Chief Zhou Nan explicitly pointed out during an interview with CHING PAO that it is easy for the British side to find a way out, which can be achieved by withdrawing Patten's constitutional package. If they are bent on their own way, the Chinese side will certainly not accept it. Zhu continued: The Chinese side hopes that its British counterpart will return to the course of the Sino-British Joint Declaration, convergence with the Basic Law, and recognition of the agreements reached in the past.

When asked about cable television, Zhu said: If the British side presents the issue to the Joint Liaison Group, the Chinese side is willing to discuss it so long as it is to the benefit of Hong Kong. But the question is that the foundation—the Sino-British Joint Declaration—should not be undermined.

Zhu pointed out that Hong Kong residents want a smooth transition, prosperity and stability, and sustained economic growth so that they can live and work in peace. This is the common aspiration of the community and also China's starting point while handling the question of Hong Kong.

Whenever there was turmoil in Hong Kong in the past, Zhu said, capital flowed out. During the current Sino-British controversy, however, capital has flowed in (to Mainland China). The question has become increasingly clear: So long as China's policy of reform and opening up continues, Hong Kong's economy will not deteriorate. During the Sino-British talks on the future of Hong Kong, there was a panic-purchase of rice. Now the people's minds are at ease. This shows that the public has confidence in China.

Zhou Nan Attends Spring Festival Reception

OW0202151693 Beijing XINHUA in English 1440 GMT 2 Feb 93

[Text] Hong Kong, February 2 (XINHUA)—The Chinese General Chamber of Commerce in Hong Kong

hosted a cocktail reception here this evening to mark the forthcoming spring of the Year of Rooster.

Zhou Nan, director of the Hong Kong branch of the XINHUA NEWS AGENCY, and Henry Fok Ying-tung, chairman of the chamber, were present at the reception among hundreds of guests.

Macao

Wang Zhen Receives Donor During Spring Festival

OW3001111193 Beijing XINHUA Domestic Service in Chinese 0505 GMT 30 Jan 93

[Text] Beijing, 30 Jan (XINHUA)—During the Spring Festival, Macao celebrity Ma Wanqi [7456 8001 4388], member of the National People's Congress Standing Committee and president of the Chinese Chamber of Commerce of Macao, called on Wang Zhen, vice president of China and president of the China Award Foundation for Teachers of Middle and Primary Schools and Kindergartens [CAFTMPSK], in Guangzhou and donated 500,000 Hong Kong dollars to the CAFTMPSK. Wang Zhen cheerfully accepted Ma Wanqi's donation and presented him with an honorary certificate of donation. Wang Zhen expressed great appreciation for Ma Wanqi's concern and support for basic educational undertakings in the hinterland, as well as his contributions in promoting the Chinese nation's traditional virtue of respecting teachers and attaching importance to education.

All along, Mr. Ma Wanqi has been enthusiastic in promoting public welfare undertakings, especially educational undertakings in the hinterland. Since becoming a CAFTMPSK council member in 1987, he has not only made donations to the foundation every year, but he also has played an active part in the CAFTMPSK's activities and made excellent suggestions on carrying out its work.

XINHUA Branch Hosts New Year's Reception

OW3101221293 Beijing XINHUA Domestic Service in Chinese 1438 GMT 29 Jan 93

[By correspondent Luo Zhaoming (5012 3564 2494)]

[Text] Beijing, 30 Jan (XINHUA)—The Macao Branch of XINHUA NEWS AGENCY held a New Year's cocktail party at the Nanguang Exhibition Center here today. Some 1,000 guests joyfully gathered together to extend New Year's greetings to each other.

Guo Dongpo, director of the Macao Branch of XINHUA NEWS AGENCY, hosted the cocktail party and gave a speech. He said: Macao's situation was good last year. Friendship and cooperation between China and Portugal have continued to develop. Compatriots and people of all social circles in Macao have become more enthusiastic about participating in important affairs during this period of transition. Macao has enjoyed social stability and economic growth, and its citizens are living and working in peace and contentment. Economic exchanges and cooperation with the interior and other regions have been expanding.

He said: The Chinese National People's Congress will soon adopt and promulgate the Basic Law, and with its promulgation Macao will enter the second half of its transition period. To realize a stable transition and smooth takeover, I hope China and Portugal will continue strengthening communication and consultation, respect each other, maintain and develop their cooperative and friendly relations, jointly implement the Joint Sino-Portuguese Statement, and vigorously push forward work in every field during this transition period.

Vieira, governor general of Macao, also spoke at the party. He said: "Cooperation, understanding, and mutual respect between China and Portugal all increased last year. This fine relationship has been beneficial in every aspect, particularly the common endeavor required during the transition period." He indicated: "I deeply believe that in the new year this relationship will become stronger, and will benefit both sides and ensure the continuation and success of the many major endeavors undertaken by Macao."

He said: The tremendous development by the PRC has given us optimism about the future. He pointed out that this development not only benefits Macao, but will also create conditions for a future characterized by peace, prosperity, and stability.

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